

CITY OF GOSHEN, KENTUCKY

AUDITED FINANCIAL STATEMENTS

For Year Ended June 30, 2023

CITY OF GOSHEN, KENTUCKY

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT WIDE STATEMENTS:	
Statement of Net Position	6
Statement of Activities	7
FUND FINANCIAL STATEMENTS:	
Balance Sheet	9
Statement of Revenues, Expenditures, and Changes in Fund Balance	10
Notes to Financial Statements	13
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General Fund	21
Budgetary Comparison Schedule - Municipal Road Aid	22
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>	24

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Lisa T Kaleher, CPA

Basic Financial Statements Accompanied by Required Supplementary Information

INDEPENDENT AUDITOR'S REPORT

To the City of Goshen, Kentucky Mayor and Council Members
Goshen, Kentucky 40026

Opinions

I have audited the accompanying financial statements of the governmental activities and major fund of the City of Goshen, KY (the City) as of and for the year ended June 30, 2023, 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 major fund of the City, as of June 30, 2023 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 have conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City of Goshen, KY, 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 these 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, KY'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 opinion. 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 general accepted auditing standards will always detect 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, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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, KY'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, KY'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, budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by 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. I 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 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and my auditor's report thereon. My opinion on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Lisa T Kaleher CPA, Inc

Taylorsville, Kentucky
November 7, 2023

CITY OF GOSHEN, KY
Management's Discussion and Analysis
June 30, 2023

As financial management of the CITY OF GOSHEN, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in our financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Overview of the Financial Statements

The basic 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 (see page 6) presents information on the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities, result in increased net position, which indicate an improved financial position.

The Statement of Activities (see page 7) presents information showing how a government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows.

The general fund statements (see pages 9 and 11) consist of a balance sheet and a statement of revenues and expenditures, respectively. The general fund statements focus on how money flows into and out of the fund. The fund balance at year-end shows what is available for spending in future periods. The reconciliation at the bottom of these statements shows how the general fund statements, the statement of net position, and the statement of activities differ from one another.

The notes beginning on page 14 provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Highlights

The Statement of Net position (see page 6) shows the City has \$413,539 in current assets and \$679,072 in noncurrent assets. Current assets consist of cash, accounts receivables and prepaid insurance. Noncurrent assets consist of capital assets (road costs) net of depreciation. The liabilities of the City are \$23,912, of which is accounts payable, accrued payroll taxes, and lease liabilities. Net position is \$1,068,699, (total assets \$1,092,611 minus total liabilities \$23,912). From year to year, changes in net position are an indicator of the City's financial position. This year there was an increase in net position of \$325,005. Much of this increase was due to acquiring new assets in the amount of \$381,611.

The Statement of Activities (see page 7) shows total general revenues for fiscal year 2023 of the City of Goshen were \$364,319. Tax revenues were 21% of the total revenues. Insurance Premium Tax comprises 66% of the revenues. The remaining revenues comprise of Municipal Road Aid Funds and HB413 funds. Total revenues increased 2% from the prior year.

The combined fund statements (page 9 and 11) show the inflow and outflow of cash receipts and cash expenditures. The decrease in fund balance (page 11) of \$16,467 shows that the City had expenditures over its revenues for the fiscal year. Total revenues were \$654,485. Expenditures and capital outlay totaled \$670,952.

CITY OF GOSHEN, KY
Management's Discussion and Analysis (continued)
June 30, 2023

Significant Events

Two major projects were completed in fiscal year 2022/2023. Pickleball and basketball courts were added to Springmeadow Park. Extensive drainage improvements were completed on Harmony Landing Road.

Budgetary Highlights

The Budgetary Comparison Schedule on page 22 shows a comparison of budgeted revenues and expenditures and actual revenues and expenditures for the General Fund. Actual revenues trailed budgeted revenues by \$49,971. It also shows that budgeted expenses were overspent by \$125,670.

We try to efficiently utilize every dollar of revenue we collect and hope this narrative and the following financial statements demonstrate that fact to the readers of these statements.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City Clerk
City of Goshen, KY
PO Box 112G
Goshen, KY 40026

GOVERNMENT-WIDE STATEMENTS

CITY OF GOSHEN, KENTUCKY
Statement of Net Position
June 30, 2023

	<u>2023</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 275,305
Restricted Cash	55,219
Receivables	80,383
Prepaid Expenses	<u>2,632</u>
Total Current Assets	\$ 413,539
Noncurrent Assets:	
Capital Assets, Net of Depreciation	668,776
Right to Use Assets, Net of Amortization	<u>10,296</u>
Total Noncurrent Assets	\$ 679,072
Total Assets	1,092,611
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 9,139
Accrued Payroll Taxes	4,477
Lease Liability	<u>5,224</u>
Total Current Liabilities	\$ 18,840
Noncurrent Liabilities:	
Lease Liability	<u>5,072</u>
Total Liabilities	\$ 23,912
NET POSITION:	
Net investment in capital assets	668,776
Restricted – Road Fund	61,608
Unrestricted – General Fund	<u>338,315</u>
Total Net Position	<u>\$ 1,068,699</u>

See accompanying notes and independent auditor's report.

CITY OF GOSHEN, KENTUCKY
Statement of Activities
Years Ended June 30, 2023

	Expenses	Operating Grants	Total
GOVERNMENT OPERATIONS:			
General Government	\$ (100,144)	\$ 1,699	\$ (98,455)
Public safety	(32,000)	3,359	(28,641)
Sanitation	(46,313)	-	(46,313)
Public works	(110,884)	18,989	(91,895)
Depreciation & Amortization	<u>(40,139)</u>	<u>266,119</u>	<u>225,980</u>
Totals	\$ (329,480)	\$ 290,166	\$ (39,314)
General Revenues:			
Taxes – Property, levied for general			74,932
Licenses and Permits:			
Insurance premium			243,854
Telecommunications			4,837
Rental license fees			<u>3,600</u>
Total Licenses and Permits			252,291
Other Revenues:			
Stormwater fees			10,727
Fines and other charges			102
Insurance Claim			21,185
Investment Income			<u>5,082</u>
Total General Revenues			\$ 364,319
Change in Net Position			325,005
Net Position – Beginning of year			<u>743,694</u>
Net Position – Ending of year			<u>\$1,068,699</u>

See accompanying notes and independent auditor's report.

FUND FINANCIAL STATEMENTS

CITY OF GOSHEN, KENTUCKY
Balance Sheet – General Fund
June 30, 2023

	Governmental Fund Types		
	General	Municipal Road Fund	<u>Totals</u>
ASSETS			
Current Assets:			
Cash	\$ 275,305	\$ -	\$ 275,305
Cash - Restricted	-	55,219	55,219
Receivables	73,994	-	73,994
Due from General Fund	-	6,389	6,389
Prepaid Expenses	<u>2,632</u>	<u>-</u>	<u>2,632</u>
Total Assets	\$ <u>351,931</u>	\$ <u>61,608</u>	\$ <u>413,539</u>
LIABILITIES:			
Accounts Payable	\$ 2,750	\$ -	\$ 2,750
Due to Municipal Road Fund	6,389	-	6,389
Accrued Expenses	<u>4,477</u>	<u>-</u>	<u>4,477</u>
Total Liabilities	<u>13,616</u>	<u>-</u>	<u>13,616</u>
FUND BALANCE:			
Restricted – Road Fund	-	61,608	61,608
Unassigned – General Fund	<u>338,315</u>	<u>-</u>	<u>338,315</u>
Total Fund Balance	<u>338,315</u>	<u>61,608</u>	<u>399,923</u>
Total Liabilities and Fund Balance	\$ <u>351,931</u>	\$ <u>61,608</u>	\$ <u>413,539</u>

*Reconciliation Of The Balance Sheet
Governmental Funds To The Statement Of Net Position*

<i>Total fund balance per fund financial statements</i>	\$ 399,923
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
<i>Capital net assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.</i>	679,072
<i>Some liabilities, including notes and capital leases, are not due and payable in the current period and therefore are not reported in the fund financial statements</i>	<u>(10,296)</u>
<i>Net position for governmental activities</i>	<u>\$ 1,068,699</u>

See accompanying notes and independent auditor's report.

CITY OF GOSHEN, KENTUCKY

Statements of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2023

	Governmental Fund Types		Total
	General	Municipal Road Fund	
General Revenues:			
Taxes: Property tax, levied for general	\$ 74,932	\$ -	\$ 74,932
License and permits:			
Insurance premium tax	243,854	-	243,854
Franchise tax	4,837	-	4,837
Rental license fees	<u>3,600</u>	<u>-</u>	<u>3,600</u>
Total licenses and permits	252,291	-	252,291
Intergovernmental:			
Grant Income	266,600	-	266,600
KY Appropriation – Contract Police	3,359	-	3,359
Mineral surcharge	1,218	-	1,218
KY Municipal Aid receipts	<u>-</u>	<u>18,989</u>	<u>18,989</u>
Total Intergovernmental	271,177	18,989	290,166
Other Revenues:			
Stormwater fees	10,727	-	10,727
Fines and other charges	102	-	102
Miscellaneous Income	21,185	-	21,185
Investment Income	<u>5,082</u>	<u>-</u>	<u>5,082</u>
Total Other Revenues	<u>37,096</u>	<u>-</u>	<u>37,096</u>
Total Revenues	635,496	18,989	654,485
Expenditures:			
Current			
General government expenses	100,144	-	100,144
Public safety expenses	32,000	-	32,000
Sanitation	46,313	-	46,313
Public work	98,284	12,600	110,884
Capital outlay	<u>381,611</u>	<u>-</u>	<u>381,611</u>
Total Expenditures:	658,352	12,600	670,952
Excess of revenues over (under)			
expenditures before other sources (uses)	(22,856)	6,389	(16,467)
Other Financing Sources (uses)			
Prior Year Accounts Receivable Adj	3,995	-	3,995
Lease Liability	<u>(4,921)</u>	<u>-</u>	<u>(4,921)</u>
Total Other Financing Sources (Uses)	<u>(926)</u>	<u>-</u>	<u>(926)</u>
Beginning Fund Balance	<u>362,097</u>	<u>55,219</u>	<u>417,316</u>
Ending Fund Balance	<u>\$ 338,315</u>	<u>\$ 61,608</u>	<u>\$ 399,923</u>

See accompanying notes and independent auditor's report.

CITY OF GOSHEN, KENTUCKY

Reconciliation of the Governmental Funds' Changes in Fund Balances to the Statement of Activities' Change in Net Position Year Ended June 30, 2023

*Reconciliation Of The Statement Of Revenues, Expenditures,
And Changes In Fund Balances Of Governmental Funds To The
Statement Of Activities*

Net change in total fund balances per fund financial statements \$ (16,467)

*Amounts reported for governmental activities in the statement of activities are
different because of the following:*

*Capital outlays are reported as expenditures in this fund financial statement
because they use current financial resources, but they are presented as assets
in the statement of activities and depreciated over their estimated economic
lives.*

381,611

Depreciation

(35,218)

Amortization

(4,921)

Change in net position of governmental activities

\$ 325,005

See accompanying notes and independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Goshen, KY 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.

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.

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.

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.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Net Position / Fund Balances

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:

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 Fund's Balance Sheets, 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.

Unassigned – Amounts that are not restricted.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position / Fund Balances (continued)

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.

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 has restricted net assets 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 American Rescue Plan Act, whose funds were received in the prior year and spent during the current 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.

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% per month is assessed.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The City provides vacation-pay benefits to its City Clerk. The financial Statements include a liability for unused benefits totaling \$1,625.

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, but not in the Governmental Funds' Balance Sheets. The City has established a threshold of \$1,000 for an expenditure to be considered as a possible capital asset.

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, 2023, 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, 2023 was \$35,218. Depreciation is recorded in the Statement of Activities but not in the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances. On the Statement of Activities, all of the \$35,218 depreciation expense is reported separately.

Recently Issued Accounting Pronouncements

In June 2017, GASB issued Statement No. 87, *Leases*. This pronouncement increases the usefulness of governments financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement is effective for the year ending June 30, 2023.

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, 2023, the carrying amounts of the City's deposits were \$330,524 and the bank balances totaled \$337,205.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

2. CASH DEPOSITS (continued)

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

Category 2 - Deposits that are collateralized with securities by the pledging financial institution's trust department or agent in the City's name

Category 3 - Deposits not collateralized or insured

	Category 1	Category 2	Category 3	Bank Balance
Cash deposits 2023	\$ -	\$ 250,000	\$ 80,524	\$ 337,205

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>
Restricted Certificate of Deposit	\$ 55,219	0.15%	December 16, 2023
Certificate of Deposit	900		
Certificate of Deposit	257,384	2.25%	December 16, 2023

4. RECEIVABLES

The components of amounts owed the City at June 30, 2023 are as follows:

	General Fund Balance Sheet	Road Fund Balance Sheet	Statement of Net Position
Insurance premiums tax	\$ 66,637	\$ -	\$ 66,637
Fines	4,778	-	4,778
KY HB 413	1,658	-	1,658
Other	921	-	921
TOTALS	\$ 73,994	\$ -	\$ 73,994

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

5. CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

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

COST	06/30/2022 <u>Beginning</u>	<u>Increase</u>	<u>Decrease</u>	6/30/2023 <u>Ending</u>
Land	\$ 152,929	\$ -	\$ -	\$ 152,929
Drainage	237,029	220,966	-	457,995
Roads	199,586	-	-	199,586
Improvements	72,009	160,645	-	232,654
Equipment, other than office	43,836	-	-	43,836
Office Equipment	<u>2,585</u>	<u>-</u>	<u>-</u>	<u>2,585</u>
TOTAL COST	\$ 707,974	\$ 381,611	\$ -	\$ 1,089,585
Less:				
Accumulated Depreciation	<u>(385,591)</u>	<u>(35,218)</u>	<u>-</u>	<u>(420,809)</u>
NET CAPITAL ASSETS	<u>\$ 322,383</u>	<u>\$ 346,393</u>	<u>\$ -</u>	<u>\$ 668,776</u>

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 in the prior year. 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.

During the year ended June 30, 2023, the City received \$18,989 from the state of Kentucky for its road grant; \$3,359 from the state of Kentucky for its police protection grant (HB 413); and \$266,119 from the Federal government's American Rescue Plan Act used 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 APRA 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, 2023, the City had spent and documented the qualifying expenditures for the \$266,119 received from ARPA, and, consequently, that total amount is shown on statement of Net Position Governmental Funds' Balance Sheets as grant revenue (deferred from the year before).

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 a loss has occurred and the amount of the loss can be reasonably estimated.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

7. RISK MANAGEMENT (continued)

The City Attorney estimates that the amount of actual or potential insurance claims against the City as of June 30, 2023 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, 2023 or as of this report.

8. LEASE LIABILITY

The City leases office and storage space. The lease is for a three-year term beginning June 1, 2023 and ending May 31, 2025. The lease requires monthly amount of lease expense is \$475 (Office space \$375 and storage space \$100). 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, 2023 was \$5,700.

Future lease expenses at June 30, 2023 were as follows:

June 30, 2024	\$5,224
June 30, 2025	\$5,072

9. COMMITMENTS

The City had the following contractual commitments at June 30, 2023:

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, 2023 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. Work is complete.

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.

10. CONTINGENCIES

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

11. SUBSEQUENT EVENTS

The City has evaluated subsequent events through November 7, 2023, the date of this report, and there are no material subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GOSHEN, KENTUCKY
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2023

	Original Budget	Final	Actual	Variance Favorable (Unfavorable)
General Revenues:				
Property Taxes	\$ 75,000	\$ 75,068	\$ 74,932	\$ (136)
Interest Income	850	850	5,082	4,232
KY Appropriation -Contract Police	4,300	4,300	3,359	(941)
Litter abatement grant	500	481	481	-
Other Income	<u>242,700</u>	<u>604,768</u>	<u>551,642</u>	<u>(53,126)</u>
Total General Revenues	\$ 323,350	\$ 685,467	\$ 635,496	\$ (49,971)
Expenditures:				
General government expenses	110,600	102,551	100,144	2,407
Public safety expenses	30,000	30,000	32,000	(2,000)
Sanitation expenses	50,700	46,130	46,313	(183)
Public works expenses	132,050	133,085	98,284	34,801
Capital Outlay	<u>-</u>	<u>220,966</u>	<u>381,611</u>	<u>(160,645)</u>
Total Expenditures	\$ 323,350	\$ 532,732	\$ 658,352	\$ (125,620)
Excess of revenues over (under) expenditures	-	152,735	(22,856)	(175,591)
Other Financing Sources (Uses)				
Prior Year Accounts Receivable adj	-	-	3,995	3,995
Lease Liability	<u>-</u>	<u>-</u>	<u>(4,921)</u>	<u>(4,921)</u>
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (926)	\$ (926)
 Budgetary fund balance, July 1, 2022	 \$ 362,097	 \$ 362,097	 \$ 362,097	 \$ -
Budgetary fund balance, June 30, 2023	<u>\$ 362,097</u>	<u>\$ 514,832</u>	<u>\$ 338,315</u>	<u>\$ (176,517)</u>

CITY OF GOSHEN, KENTUCKY
Budgetary Comparison Schedule – Municipal Road Aid

	Original Budget	Final	Actual	Variance Favorable (Unfavorable)
Current Year Resources:				
Kentucky Municipal Aid revenue	\$ 17,250	17,250	\$ 18,989	\$ 1,739
Interest Income	-	-	-	-
Total Current Year Resources	\$ 17,250	\$ 17,250	\$ 18,989	\$ 1,739
Current Year Appropriations:				
Public works expenses	17,250	17,250	12,600	4,650
Total Current Year Appropriations	17,250	17,250	12,600	4,650
Excess of revenues over (under) expenditures	-	-	6,389	6,389
 Budgetary fund balance, July 1, 2022	<u>55,219</u>	<u>55,219</u>	<u>55,219</u>	<u>\$ -</u>
Budgetary fund balance, June 30, 2023	<u>55,219</u>	<u>55,219</u>	<u>61,608</u>	<u>6,389</u>

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

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 amended during the year ended June 30, 2023.

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.

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

To the City of GOSHEN, Kentucky
Goshen, Kentucky 40026

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 of the City of Goshen, KY as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the city of Goshen, Ky's basic financial statements, and have issued my report thereon dated November 7, 2023.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered city of Goshen, Ky'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, KY's internal control. Accordingly, I do not express an opinion on the effectiveness of the city of Goshen, KY'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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 weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that are not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings that I consider to be significant deficiency. See reference numbers 2023-1 through 2023-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Goshen, KY's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Goshen, KY Response to Findings

City of Goshen, KY's response to the findings identified in my audit is described in the accompanying schedule of finding and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

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 entity's internal control or on

compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lisa T Kaleher CPA, Inc

Taylorsville, Kentucky
November 7, 2023

**CITY OF GOSHEN, KY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023**

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Goshen for the fiscal year ended June 30, 2023.
2. Two significant deficiencies in internal control were disclosed during the audit.

FINDINGS AND RESPONSES

INTERNAL CONTROLS – MATERIAL WEAKNESSES - None

**INTERNAL CONTROLS – SIGNIFICANT DEFICIENCIES
2023-001 Financial Statement Preparation**

Criteria:

A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition:

As a result of new highly specialized and complex requirements placed upon auditors under SAS 115 (Statements on Auditing Standards), personnel lacks qualifications and training to apply generally accepted accounting principles in recording the entity's financial transactions and in preparing their financial statements. This internal control deficiency is not intended to comment in a negative manner the ability and integrity of City personnel but to simply highlight issues in the preparation of GAGAS financial statements that are highly specialized and complex.

Cause:

The City does not currently staff personnel trained to prepare financial statements in accordance with Accounting Principles Generally Accepted in the United State of America.

Effect:

Year end adjustments were needed to go from Fund Financial statements to Government Wide statements in order to prepare financial statements per Generally Accepted Accounting Principles.

Recommendation:

Continue to seek professional help when applying unfamiliar accounting principles.

City's Response:

The City will seek trained and qualified professionals for assistance.

Auditor's Response:

The City concurs with the finding. Therefore the finding stands.

**CITY OF GOSHEN, KY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023**

SCHEDULE OF FINDINGS AND RESPONSES (continued)

INTERNAL CONTROL – SIGNIFICANT DEFICIENCIES

2023-002 Segregation of Duties

Criteria:

Proper internal control procedures require that there be an adequate segregation of duties to ensure the proper safeguard of assets.

Condition:

There is inadequate segregation of duties on the design deficiency due to a small office. Reporting of the receipts and recording of the disbursements, is done by the same person.

Cause:

The City does not have the staffing to ensure that adequate internal controls are in place to safeguard against the misappropriation of cash.

Effect:

Due to the limited number of the City's staff, there exists an absence of appropriate segregation of duties consistent with appropriate control objectives. The duties of receiving and disbursing funds, and recording transactions are not separated, which could lead to the possibility of the misappropriation of funds.

Recommendation:

We recommend that the City review its internal control procedures to ensure that at a minimum they include and continue to implement the following:

1. Adequate bonding insurance coverage for everyone handling funds (currently in use);
2. Direct Deposit of funds where it can be utilized;
3. Have someone other than the Treasurer retrieve and open the mail; endorse or stamp the checks "for deposit only" upon receipt. A receipt log would be recommended to be put into use.
4. Dual signatures on all checks (currently in use);
5. Commission member (other than the signer of the checks) reviews, and signifies approval by signing and dating, monthly bank reconciliations (this can be done at the monthly meetings)(currently in use);
6. City Commissioners provide prior written approval(s) for all investments, contracts, and major expenditures which shall be noted into the minutes (currently in use).

City's Response:

The City will continue with the noted recommendations as stated above with the accountant as the independent contractor to review deposits and receipts and prepare monthly bank reconciliations to satisfy this deficiency.

Auditor's Response:

The City concurs with the finding. Therefore the finding stands

OTHER MATTERS - None

CITY OF GOSHEN, KENTUCKY

AUDITED FINANCIAL STATEMENTS

For Year Ended June 30, 2023

CITY OF GOSHEN, KENTUCKY

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT WIDE STATEMENTS:	
Statement of Net Position	6
Statement of Activities	7
FUND FINANCIAL STATEMENTS:	
Balance Sheet	9
Statement of Revenues, Expenditures, and Changes in Fund Balance	10
Notes to Financial Statements	13
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General Fund	21
Budgetary Comparison Schedule - Municipal Road Aid	22
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>	24

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Basic Financial Statements Accompanied by Required Supplementary Information

INDEPENDENT AUDITOR'S REPORT

To the City of Goshen, Kentucky Mayor and Council Members
Goshen, Kentucky 40026

Opinions

I have audited the accompanying financial statements of the governmental activities and major fund of the City of Goshen, KY (the City) as of and for the year ended June 30, 2023, 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 major fund of the City, as of June 30, 2023 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 have conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City of Goshen, KY, 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 these 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, KY'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 opinion. 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 general accepted auditing standards will always detect 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, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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, KY'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, KY'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, budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by 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. I 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 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and my auditor's report thereon. My opinion on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Lisa T Kaleher CPA, Inc

Taylorsville, Kentucky
November 7, 2023

CITY OF GOSHEN, KY
Management's Discussion and Analysis
June 30, 2023

As financial management of the CITY OF GOSHEN, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in our financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Overview of the Financial Statements

The basic 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 (see page 6) presents information on the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities, result in increased net position, which indicate an improved financial position.

The Statement of Activities (see page 7) presents information showing how a government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows.

The general fund statements (see pages 9 and 11) consist of a balance sheet and a statement of revenues and expenditures, respectively. The general fund statements focus on how money flows into and out of the fund. The fund balance at year-end shows what is available for spending in future periods. The reconciliation at the bottom of these statements shows how the general fund statements, the statement of net position, and the statement of activities differ from one another.

The notes beginning on page 14 provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Highlights

The Statement of Net position (see page 6) shows the City has \$413,539 in current assets and \$679,072 in noncurrent assets. Current assets consist of cash, accounts receivables and prepaid insurance. Noncurrent assets consist of capital assets (road costs) net of depreciation. The liabilities of the City are \$23,912, of which is accounts payable, accrued payroll taxes, and lease liabilities. Net position is \$1,068,699, (total assets \$1,092,611 minus total liabilities \$23,912). From year to year, changes in net position are an indicator of the City's financial position. This year there was an increase in net position of \$325,005. Much of this increase was due to acquiring new assets in the amount of \$381,611.

The Statement of Activities (see page 7) shows total general revenues for fiscal year 2023 of the City of Goshen were \$364,319. Tax revenues were 21% of the total revenues. Insurance Premium Tax comprises 66% of the revenues. The remaining revenues comprise of Municipal Road Aid Funds and HB413 funds. Total revenues increased 2% from the prior year.

The combined fund statements (page 9 and 11) show the inflow and outflow of cash receipts and cash expenditures. The decrease in fund balance (page 11) of \$16,467 shows that the City had expenditures over its revenues for the fiscal year. Total revenues were \$654,485. Expenditures and capital outlay totaled \$670,952.

CITY OF GOSHEN, KY
Management's Discussion and Analysis (continued)
June 30, 2023

Significant Events

Two major projects were completed in fiscal year 2022/2023. Pickleball and basketball courts were added to Springmeadow Park. Extensive drainage improvements were completed on Harmony Landing Road.

Budgetary Highlights

The Budgetary Comparison Schedule on page 22 shows a comparison of budgeted revenues and expenditures and actual revenues and expenditures for the General Fund. Actual revenues trailed budgeted revenues by \$49,971. It also shows that budgeted expenses were overspent by \$125,670.

We try to efficiently utilize every dollar of revenue we collect and hope this narrative and the following financial statements demonstrate that fact to the readers of these statements.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City Clerk
City of Goshen, KY
PO Box 112G
Goshen, KY 40026

GOVERNMENT-WIDE STATEMENTS

CITY OF GOSHEN, KENTUCKY
Statement of Net Position
June 30, 2023

	<u>2023</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 275,305
Restricted Cash	55,219
Receivables	80,383
Prepaid Expenses	<u>2,632</u>
Total Current Assets	\$ 413,539
Noncurrent Assets:	
Capital Assets, Net of Depreciation	668,776
Right to Use Assets, Net of Amortization	<u>10,296</u>
Total Noncurrent Assets	\$ 679,072
Total Assets	1,092,611
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 9,139
Accrued Payroll Taxes	4,477
Lease Liability	<u>5,224</u>
Total Current Liabilities	\$ 18,840
Noncurrent Liabilities:	
Lease Liability	<u>5,072</u>
Total Liabilities	\$ 23,912
NET POSITION:	
Net investment in capital assets	668,776
Restricted – Road Fund	61,608
Unrestricted – General Fund	<u>338,315</u>
Total Net Position	<u>\$ 1,068,699</u>

See accompanying notes and independent auditor's report.

CITY OF GOSHEN, KENTUCKY
Statement of Activities
Years Ended June 30, 2023

	Expenses	Operating Grants	Total
GOVERNMENT OPERATIONS:			
General Government	\$ (100,144)	\$ 1,699	\$ (98,455)
Public safety	(32,000)	3,359	(28,641)
Sanitation	(46,313)	-	(46,313)
Public works	(110,884)	18,989	(91,895)
Depreciation & Amortization	<u>(40,139)</u>	<u>266,119</u>	<u>225,980</u>
Totals	\$ (329,480)	\$ 290,166	\$ (39,314)
General Revenues:			
Taxes – Property, levied for general			74,932
Licenses and Permits:			
Insurance premium			243,854
Telecommunications			4,837
Rental license fees			<u>3,600</u>
Total Licenses and Permits			252,291
Other Revenues:			
Stormwater fees			10,727
Fines and other charges			102
Insurance Claim			21,185
Investment Income			<u>5,082</u>
Total General Revenues			\$ 364,319
Change in Net Position			325,005
Net Position – Beginning of year			<u>743,694</u>
Net Position – Ending of year			<u>\$1,068,699</u>

See accompanying notes and independent auditor's report.

FUND FINANCIAL STATEMENTS

CITY OF GOSHEN, KENTUCKY
Balance Sheet – General Fund
June 30, 2023

	Governmental Fund Types		
	General	Municipal Road Fund	<u>Totals</u>
ASSETS			
Current Assets:			
Cash	\$ 275,305	\$ -	\$ 275,305
Cash - Restricted	-	55,219	55,219
Receivables	73,994	-	73,994
Due from General Fund	-	6,389	6,389
Prepaid Expenses	<u>2,632</u>	<u>-</u>	<u>2,632</u>
Total Assets	\$ <u>351,931</u>	\$ <u>61,608</u>	\$ <u>413,539</u>
LIABILITIES:			
Accounts Payable	\$ 2,750	\$ -	\$ 2,750
Due to Municipal Road Fund	6,389	-	6,389
Accrued Expenses	<u>4,477</u>	<u>-</u>	<u>4,477</u>
Total Liabilities	<u>13,616</u>	<u>-</u>	<u>13,616</u>
FUND BALANCE:			
Restricted – Road Fund	-	61,608	61,608
Unassigned – General Fund	<u>338,315</u>	<u>-</u>	<u>338,315</u>
Total Fund Balance	<u>338,315</u>	<u>61,608</u>	<u>399,923</u>
Total Liabilities and Fund Balance	\$ <u>351,931</u>	\$ <u>61,608</u>	\$ <u>413,539</u>

*Reconciliation Of The Balance Sheet
Governmental Funds To The Statement Of Net Position*

<i>Total fund balance per fund financial statements</i>	\$ 399,923
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
<i>Capital net assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.</i>	679,072
<i>Some liabilities, including notes and capital leases, are not due and payable in the current period and therefore are not reported in the fund financial statements</i>	<u>(10,296)</u>
<i>Net position for governmental activities</i>	<u>\$ 1,068,699</u>

See accompanying notes and independent auditor's report.

CITY OF GOSHEN, KENTUCKY

Statements of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2023

	Governmental Fund Types		Total
	General	Municipal Road Fund	
General Revenues:			
Taxes: Property tax, levied for general	\$ 74,932	\$ -	\$ 74,932
License and permits:			
Insurance premium tax	243,854	-	243,854
Franchise tax	4,837	-	4,837
Rental license fees	<u>3,600</u>	<u>-</u>	<u>3,600</u>
Total licenses and permits	252,291	-	252,291
Intergovernmental:			
Grant Income	266,600	-	266,600
KY Appropriation – Contract Police	3,359	-	3,359
Mineral surcharge	1,218	-	1,218
KY Municipal Aid receipts	<u>-</u>	<u>18,989</u>	<u>18,989</u>
Total Intergovernmental	271,177	18,989	290,166
Other Revenues:			
Stormwater fees	10,727	-	10,727
Fines and other charges	102	-	102
Miscellaneous Income	21,185	-	21,185
Investment Income	<u>5,082</u>	<u>-</u>	<u>5,082</u>
Total Other Revenues	<u>37,096</u>	<u>-</u>	<u>37,096</u>
Total Revenues	635,496	18,989	654,485
Expenditures:			
Current			
General government expenses	100,144	-	100,144
Public safety expenses	32,000	-	32,000
Sanitation	46,313	-	46,313
Public work	98,284	12,600	110,884
Capital outlay	<u>381,611</u>	<u>-</u>	<u>381,611</u>
Total Expenditures:	658,352	12,600	670,952
Excess of revenues over (under)			
expenditures before other sources (uses)	(22,856)	6,389	(16,467)
Other Financing Sources (uses)			
Prior Year Accounts Receivable Adj	3,995	-	3,995
Lease Liability	<u>(4,921)</u>	<u>-</u>	<u>(4,921)</u>
Total Other Financing Sources (Uses)	<u>(926)</u>	<u>-</u>	<u>(926)</u>
Beginning Fund Balance	<u>362,097</u>	<u>55,219</u>	<u>417,316</u>
Ending Fund Balance	<u>\$ 338,315</u>	<u>\$ 61,608</u>	<u>\$ 399,923</u>

See accompanying notes and independent auditor's report.

CITY OF GOSHEN, KENTUCKY

Reconciliation of the Governmental Funds' Changes in Fund Balances to the Statement of Activities' Change in Net Position Year Ended June 30, 2023

*Reconciliation Of The Statement Of Revenues, Expenditures,
And Changes In Fund Balances Of Governmental Funds To The
Statement Of Activities*

Net change in total fund balances per fund financial statements \$ (16,467)

*Amounts reported for governmental activities in the statement of activities are
different because of the following:*

*Capital outlays are reported as expenditures in this fund financial statement
because they use current financial resources, but they are presented as assets
in the statement of activities and depreciated over their estimated economic
lives.*

381,611

Depreciation

(35,218)

Amortization

(4,921)

Change in net position of governmental activities

\$ 325,005

See accompanying notes and independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Goshen, KY 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.

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.

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.

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.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Net Position / Fund Balances

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:

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 Fund's Balance Sheets, 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.

Unassigned – Amounts that are not restricted.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position / Fund Balances (continued)

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.

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 has restricted net assets 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 American Rescue Plan Act, whose funds were received in the prior year and spent during the current 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.

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% per month is assessed.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The City provides vacation-pay benefits to its City Clerk. The financial Statements include a liability for unused benefits totaling \$1,625.

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, but not in the Governmental Funds' Balance Sheets. The City has established a threshold of \$1,000 for an expenditure to be considered as a possible capital asset.

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, 2023, 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, 2023 was \$35,218. Depreciation is recorded in the Statement of Activities but not in the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances. On the Statement of Activities, all of the \$35,218 depreciation expense is reported separately.

Recently Issued Accounting Pronouncements

In June 2017, GASB issued Statement No. 87, *Leases*. This pronouncement increases the usefulness of governments financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement is effective for the year ending June 30, 2023.

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, 2023, the carrying amounts of the City's deposits were \$330,524 and the bank balances totaled \$337,205.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

2. CASH DEPOSITS (continued)

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

Category 2 - Deposits that are collateralized with securities by the pledging financial institution's trust department or agent in the City's name

Category 3 - Deposits not collateralized or insured

	Category 1	Category 2	Category 3	Bank Balance
Cash deposits 2023	\$ -	\$ 250,000	\$ 80,524	\$ 337,205

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>
Restricted Certificate of Deposit	\$ 55,219	0.15%	December 16, 2023
Certificate of Deposit	900		
Certificate of Deposit	257,384	2.25%	December 16, 2023

4. RECEIVABLES

The components of amounts owed the City at June 30, 2023 are as follows:

	General Fund Balance Sheet	Road Fund Balance Sheet	Statement of Net Position
Insurance premiums tax	\$ 66,637	\$ -	\$ 66,637
Fines	4,778	-	4,778
KY HB 413	1,658	-	1,658
Other	921	-	921
TOTALS	<u>\$ 73,994</u>	<u>\$ -</u>	<u>\$ 73,994</u>

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

5. CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

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

COST	06/30/2022 <u>Beginning</u>	<u>Increase</u>	<u>Decrease</u>	6/30/2023 <u>Ending</u>
Land	\$ 152,929	\$ -	\$ -	\$ 152,929
Drainage	237,029	220,966	-	457,995
Roads	199,586	-	-	199,586
Improvements	72,009	160,645	-	232,654
Equipment, other than office	43,836	-	-	43,836
Office Equipment	<u>2,585</u>	<u>-</u>	<u>-</u>	<u>2,585</u>
TOTAL COST	\$ 707,974	\$ 381,611	\$ -	\$ 1,089,585
Less:				
Accumulated Depreciation	<u>(385,591)</u>	<u>(35,218)</u>	<u>-</u>	<u>(420,809)</u>
NET CAPITAL ASSETS	<u>\$ 322,383</u>	<u>\$ 346,393</u>	<u>\$ -</u>	<u>\$ 668,776</u>

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 in the prior year. 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.

During the year ended June 30, 2023, the City received \$18,989 from the state of Kentucky for its road grant; \$3,359 from the state of Kentucky for its police protection grant (HB 413); and \$266,119 from the Federal government's American Rescue Plan Act used 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 APRA 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, 2023, the City had spent and documented the qualifying expenditures for the \$266,119 received from ARPA, and, consequently, that total amount is shown on statement of Net Position Governmental Funds' Balance Sheets as grant revenue (deferred from the year before).

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 a loss has occurred and the amount of the loss can be reasonably estimated.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

7. RISK MANAGEMENT (continued)

The City Attorney estimates that the amount of actual or potential insurance claims against the City as of June 30, 2023 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, 2023 or as of this report.

8. LEASE LIABILITY

The City leases office and storage space. The lease is for a three-year term beginning June 1, 2023 and ending May 31, 2025. The lease requires monthly amount of lease expense is \$475 (Office space \$375 and storage space \$100). 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, 2023 was \$5,700.

Future lease expenses at June 30, 2023 were as follows:

June 30, 2024	\$5,224
June 30, 2025	\$5,072

9. COMMITMENTS

The City had the following contractual commitments at June 30, 2023:

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, 2023 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. Work is complete.

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.

10. CONTINGENCIES

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

11. SUBSEQUENT EVENTS

The City has evaluated subsequent events through November 7, 2023, the date of this report, and there are no material subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GOSHEN, KENTUCKY
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2023

	Original Budget	Final	Actual	Variance Favorable (Unfavorable)
General Revenues:				
Property Taxes	\$ 75,000	\$ 75,068	\$ 74,932	\$ (136)
Interest Income	850	850	5,082	4,232
KY Appropriation -Contract Police	4,300	4,300	3,359	(941)
Litter abatement grant	500	481	481	-
Other Income	<u>242,700</u>	<u>604,768</u>	<u>551,642</u>	<u>(53,126)</u>
Total General Revenues	\$ 323,350	\$ 685,467	\$ 635,496	\$ (49,971)
Expenditures:				
General government expenses	110,600	102,551	100,144	2,407
Public safety expenses	30,000	30,000	32,000	(2,000)
Sanitation expenses	50,700	46,130	46,313	(183)
Public works expenses	132,050	133,085	98,284	34,801
Capital Outlay	<u>-</u>	<u>220,966</u>	<u>381,611</u>	<u>(160,645)</u>
Total Expenditures	\$ 323,350	\$ 532,732	\$ 658,352	\$ (125,620)
Excess of revenues over (under) expenditures	-	152,735	(22,856)	(175,591)
Other Financing Sources (Uses)				
Prior Year Accounts Receivable adj	-	-	3,995	3,995
Lease Liability	<u>-</u>	<u>-</u>	<u>(4,921)</u>	<u>(4,921)</u>
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (926)	\$ (926)
 Budgetary fund balance, July 1, 2022	 \$ 362,097	 \$ 362,097	 \$ 362,097	 \$ -
Budgetary fund balance, June 30, 2023	<u>\$ 362,097</u>	<u>\$ 514,832</u>	<u>\$ 338,315</u>	<u>\$ (176,517)</u>

CITY OF GOSHEN, KENTUCKY
Budgetary Comparison Schedule – Municipal Road Aid

	Original Budget	Final	Actual	Variance Favorable (Unfavorable)
Current Year Resources:				
Kentucky Municipal Aid revenue	\$ 17,250	17,250	\$ 18,989	\$ 1,739
Interest Income	-	-	-	-
Total Current Year Resources	\$ 17,250	\$ 17,250	\$ 18,989	\$ 1,739
Current Year Appropriations:				
Public works expenses	17,250	17,250	12,600	4,650
Total Current Year Appropriations	17,250	17,250	12,600	4,650
Excess of revenues over (under) expenditures	-	-	6,389	6,389
 Budgetary fund balance, July 1, 2022	 55,219	 55,219	 55,219	 \$ -
Budgetary fund balance, June 30, 2023	55,219	55,219	61,608	6,389

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

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 amended during the year ended June 30, 2023.

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.

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Lisa T Kaleher, CPA

**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 City of GOSHEN, Kentucky
Goshen, Kentucky 40026

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 of the City of Goshen, KY as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the city of Goshen, Ky's basic financial statements, and have issued my report thereon dated November 7, 2023.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered city of Goshen, Ky'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, KY's internal control. Accordingly, I do not express an opinion on the effectiveness of the city of Goshen, KY'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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 weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that are not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings that I consider to be significant deficiency. See reference numbers 2023-1 through 2023-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Goshen, KY's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Goshen, KY Response to Findings

City of Goshen, KY's response to the findings identified in my audit is described in the accompanying schedule of finding and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

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 entity's internal control or on

compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lisa T Kaleher CPA, Inc

Taylorsville, Kentucky
November 7, 2023

**CITY OF GOSHEN, KY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023**

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Goshen for the fiscal year ended June 30, 2023.
2. Two significant deficiencies in internal control were disclosed during the audit.

FINDINGS AND RESPONSES

INTERNAL CONTROLS – MATERIAL WEAKNESSES - None

**INTERNAL CONTROLS – SIGNIFICANT DEFICIENCIES
2023-001 Financial Statement Preparation**

Criteria:

A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition:

As a result of new highly specialized and complex requirements placed upon auditors under SAS 115 (Statements on Auditing Standards), personnel lacks qualifications and training to apply generally accepted accounting principles in recording the entity's financial transactions and in preparing their financial statements. This internal control deficiency is not intended to comment in a negative manner the ability and integrity of City personnel but to simply highlight issues in the preparation of GAGAS financial statements that are highly specialized and complex.

Cause:

The City does not currently staff personnel trained to prepare financial statements in accordance with Accounting Principles Generally Accepted in the United State of America.

Effect:

Year end adjustments were needed to go from Fund Financial statements to Government Wide statements in order to prepare financial statements per Generally Accepted Accounting Principles.

Recommendation:

Continue to seek professional help when applying unfamiliar accounting principles.

City's Response:

The City will seek trained and qualified professionals for assistance.

Auditor's Response:

The City concurs with the finding. Therefore the finding stands.

**CITY OF GOSHEN, KY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023**

SCHEDULE OF FINDINGS AND RESPONSES (continued)

INTERNAL CONTROL – SIGNIFICANT DEFICIENCIES

2023-002 Segregation of Duties

Criteria:

Proper internal control procedures require that there be an adequate segregation of duties to ensure the proper safeguard of assets.

Condition:

There is inadequate segregation of duties on the design deficiency due to a small office. Reporting of the receipts and recording of the disbursements, is done by the same person.

Cause:

The City does not have the staffing to ensure that adequate internal controls are in place to safeguard against the misappropriation of cash.

Effect:

Due to the limited number of the City's staff, there exists an absence of appropriate segregation of duties consistent with appropriate control objectives. The duties of receiving and disbursing funds, and recording transactions are not separated, which could lead to the possibility of the misappropriation of funds.

Recommendation:

We recommend that the City review its internal control procedures to ensure that at a minimum they include and continue to implement the following:

1. Adequate bonding insurance coverage for everyone handling funds (currently in use);
2. Direct Deposit of funds where it can be utilized;
3. Have someone other than the Treasurer retrieve and open the mail; endorse or stamp the checks "for deposit only" upon receipt. A receipt log would be recommended to be put into use.
4. Dual signatures on all checks (currently in use);
5. Commission member (other than the signer of the checks) reviews, and signifies approval by signing and dating, monthly bank reconciliations (this can be done at the monthly meetings)(currently in use);
6. City Commissioners provide prior written approval(s) for all investments, contracts, and major expenditures which shall be noted into the minutes (currently in use).

City's Response:

The City will continue with the noted recommendations as stated above with the accountant as the independent contractor to review deposits and receipts and prepare monthly bank reconciliations to satisfy this deficiency.

Auditor's Response:

The City concurs with the finding. Therefore the finding stands

OTHER MATTERS - None

CITY OF GOSHEN, KENTUCKY

AUDITED FINANCIAL STATEMENTS

For Year Ended June 30, 2023

CITY OF GOSHEN, KENTUCKY

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT WIDE STATEMENTS:	
Statement of Net Position	6
Statement of Activities	7
FUND FINANCIAL STATEMENTS:	
Balance Sheet	9
Statement of Revenues, Expenditures, and Changes in Fund Balance	10
Notes to Financial Statements	13
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General Fund	21
Budgetary Comparison Schedule - Municipal Road Aid	22
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>	24

Lisa T Kaleher CPA, Inc.
210 West Main Street PO Box 188
Taylorsville, Kentucky 40071
(502) 477-2591 Fax (502) 477-5665

Lisa T Kaleher, CPA

Basic Financial Statements Accompanied by Required Supplementary Information

INDEPENDENT AUDITOR'S REPORT

To the City of Goshen, Kentucky Mayor and Council Members
Goshen, Kentucky 40026

Opinions

I have audited the accompanying financial statements of the governmental activities and major fund of the City of Goshen, KY (the City) as of and for the year ended June 30, 2023, 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 major fund of the City, as of June 30, 2023 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 have conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City of Goshen, KY, 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 these 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, KY'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 opinion. 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 general accepted auditing standards will always detect 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, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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, KY'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, KY'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, budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by 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. I 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 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and my auditor's report thereon. My opinion on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Lisa T Kaleher CPA, Inc

Taylorsville, Kentucky
November 7, 2023

CITY OF GOSHEN, KY
Management's Discussion and Analysis
June 30, 2023

As financial management of the CITY OF GOSHEN, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in our financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Overview of the Financial Statements

The basic 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 (see page 6) presents information on the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities, result in increased net position, which indicate an improved financial position.

The Statement of Activities (see page 7) presents information showing how a government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows.

The general fund statements (see pages 9 and 11) consist of a balance sheet and a statement of revenues and expenditures, respectively. The general fund statements focus on how money flows into and out of the fund. The fund balance at year-end shows what is available for spending in future periods. The reconciliation at the bottom of these statements shows how the general fund statements, the statement of net position, and the statement of activities differ from one another.

The notes beginning on page 14 provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Highlights

The Statement of Net position (see page 6) shows the City has \$413,539 in current assets and \$679,072 in noncurrent assets. Current assets consist of cash, accounts receivables and prepaid insurance. Noncurrent assets consist of capital assets (road costs) net of depreciation. The liabilities of the City are \$23,912, of which is accounts payable, accrued payroll taxes, and lease liabilities. Net position is \$1,068,699, (total assets \$1,092,611 minus total liabilities \$23,912). From year to year, changes in net position are an indicator of the City's financial position. This year there was an increase in net position of \$325,005. Much of this increase was due to acquiring new assets in the amount of \$381,611.

The Statement of Activities (see page 7) shows total general revenues for fiscal year 2023 of the City of Goshen were \$364,319. Tax revenues were 21% of the total revenues. Insurance Premium Tax comprises 66% of the revenues. The remaining revenues comprise of Municipal Road Aid Funds and HB413 funds. Total revenues increased 2% from the prior year.

The combined fund statements (page 9 and 11) show the inflow and outflow of cash receipts and cash expenditures. The decrease in fund balance (page 11) of \$16,467 shows that the City had expenditures over its revenues for the fiscal year. Total revenues were \$654,485. Expenditures and capital outlay totaled \$670,952.

CITY OF GOSHEN, KY
Management's Discussion and Analysis (continued)
June 30, 2023

Significant Events

Two major projects were completed in fiscal year 2022/2023. Pickleball and basketball courts were added to Springmeadow Park. Extensive drainage improvements were completed on Harmony Landing Road.

Budgetary Highlights

The Budgetary Comparison Schedule on page 22 shows a comparison of budgeted revenues and expenditures and actual revenues and expenditures for the General Fund. Actual revenues trailed budgeted revenues by \$49,971. It also shows that budgeted expenses were overspent by \$125,670.

We try to efficiently utilize every dollar of revenue we collect and hope this narrative and the following financial statements demonstrate that fact to the readers of these statements.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City Clerk
City of Goshen, KY
PO Box 112G
Goshen, KY 40026

GOVERNMENT-WIDE STATEMENTS

CITY OF GOSHEN, KENTUCKY
Statement of Net Position
June 30, 2023

	<u>2023</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 275,305
Restricted Cash	55,219
Receivables	80,383
Prepaid Expenses	<u>2,632</u>
Total Current Assets	\$ 413,539
Noncurrent Assets:	
Capital Assets, Net of Depreciation	668,776
Right to Use Assets, Net of Amortization	<u>10,296</u>
Total Noncurrent Assets	\$ 679,072
Total Assets	1,092,611
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 9,139
Accrued Payroll Taxes	4,477
Lease Liability	<u>5,224</u>
Total Current Liabilities	\$ 18,840
Noncurrent Liabilities:	
Lease Liability	<u>5,072</u>
Total Liabilities	\$ 23,912
NET POSITION:	
Net investment in capital assets	668,776
Restricted – Road Fund	61,608
Unrestricted – General Fund	<u>338,315</u>
Total Net Position	<u>\$ 1,068,699</u>

See accompanying notes and independent auditor's report.

CITY OF GOSHEN, KENTUCKY
Statement of Activities
Years Ended June 30, 2023

	Expenses	Operating Grants	Total
GOVERNMENT OPERATIONS:			
General Government	\$ (100,144)	\$ 1,699	\$ (98,455)
Public safety	(32,000)	3,359	(28,641)
Sanitation	(46,313)	-	(46,313)
Public works	(110,884)	18,989	(91,895)
Depreciation & Amortization	<u>(40,139)</u>	<u>266,119</u>	<u>225,980</u>
Totals	\$ (329,480)	\$ 290,166	\$ (39,314)
General Revenues:			
Taxes – Property, levied for general			74,932
Licenses and Permits:			
Insurance premium			243,854
Telecommunications			4,837
Rental license fees			<u>3,600</u>
Total Licenses and Permits			252,291
Other Revenues:			
Stormwater fees			10,727
Fines and other charges			102
Insurance Claim			21,185
Investment Income			<u>5,082</u>
Total General Revenues			\$ 364,319
Change in Net Position			325,005
Net Position – Beginning of year			<u>743,694</u>
Net Position – Ending of year			<u>\$1,068,699</u>

See accompanying notes and independent auditor's report.

FUND FINANCIAL STATEMENTS

CITY OF GOSHEN, KENTUCKY
Balance Sheet – General Fund
June 30, 2023

	Governmental Fund Types		
	General	Municipal Road Fund	<u>Totals</u>
ASSETS			
Current Assets:			
Cash	\$ 275,305	\$ -	\$ 275,305
Cash - Restricted	-	55,219	55,219
Receivables	73,994	-	73,994
Due from General Fund	-	6,389	6,389
Prepaid Expenses	<u>2,632</u>	<u>-</u>	<u>2,632</u>
Total Assets	\$ <u>351,931</u>	\$ <u>61,608</u>	\$ <u>413,539</u>
LIABILITIES:			
Accounts Payable	\$ 2,750	\$ -	\$ 2,750
Due to Municipal Road Fund	6,389	-	6,389
Accrued Expenses	<u>4,477</u>	<u>-</u>	<u>4,477</u>
Total Liabilities	<u>13,616</u>	<u>-</u>	<u>13,616</u>
FUND BALANCE:			
Restricted – Road Fund	-	61,608	61,608
Unassigned – General Fund	<u>338,315</u>	<u>-</u>	<u>338,315</u>
Total Fund Balance	<u>338,315</u>	<u>61,608</u>	<u>399,923</u>
Total Liabilities and Fund Balance	\$ <u>351,931</u>	\$ <u>61,608</u>	\$ <u>413,539</u>

*Reconciliation Of The Balance Sheet
Governmental Funds To The Statement Of Net Position*

<i>Total fund balance per fund financial statements</i>	\$ 399,923
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
<i>Capital net assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.</i>	679,072
<i>Some liabilities, including notes and capital leases, are not due and payable in the current period and therefore are not reported in the fund financial statements</i>	<u>(10,296)</u>
<i>Net position for governmental activities</i>	<u>\$ 1,068,699</u>

See accompanying notes and independent auditor's report.

CITY OF GOSHEN, KENTUCKY

Statements of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2023

	Governmental Fund Types		Total
	General	Municipal Road Fund	
General Revenues:			
Taxes: Property tax, levied for general	\$ 74,932	\$ -	\$ 74,932
License and permits:			
Insurance premium tax	243,854	-	243,854
Franchise tax	4,837	-	4,837
Rental license fees	<u>3,600</u>	<u>-</u>	<u>3,600</u>
Total licenses and permits	252,291	-	252,291
Intergovernmental:			
Grant Income	266,600	-	266,600
KY Appropriation – Contract Police	3,359	-	3,359
Mineral surcharge	1,218	-	1,218
KY Municipal Aid receipts	<u>-</u>	<u>18,989</u>	<u>18,989</u>
Total Intergovernmental	271,177	18,989	290,166
Other Revenues:			
Stormwater fees	10,727	-	10,727
Fines and other charges	102	-	102
Miscellaneous Income	21,185	-	21,185
Investment Income	<u>5,082</u>	<u>-</u>	<u>5,082</u>
Total Other Revenues	<u>37,096</u>	<u>-</u>	<u>37,096</u>
Total Revenues	635,496	18,989	654,485
Expenditures:			
Current			
General government expenses	100,144	-	100,144
Public safety expenses	32,000	-	32,000
Sanitation	46,313	-	46,313
Public work	98,284	12,600	110,884
Capital outlay	<u>381,611</u>	<u>-</u>	<u>381,611</u>
Total Expenditures:	658,352	12,600	670,952
Excess of revenues over (under)			
expenditures before other sources (uses)	(22,856)	6,389	(16,467)
Other Financing Sources (uses)			
Prior Year Accounts Receivable Adj	3,995	-	3,995
Lease Liability	<u>(4,921)</u>	<u>-</u>	<u>(4,921)</u>
Total Other Financing Sources (Uses)	<u>(926)</u>	<u>-</u>	<u>(926)</u>
Beginning Fund Balance	<u>362,097</u>	<u>55,219</u>	<u>417,316</u>
Ending Fund Balance	<u>\$ 338,315</u>	<u>\$ 61,608</u>	<u>\$ 399,923</u>

See accompanying notes and independent auditor's report.

CITY OF GOSHEN, KENTUCKY

Reconciliation of the Governmental Funds' Changes in Fund Balances to the Statement of Activities' Change in Net Position Year Ended June 30, 2023

*Reconciliation Of The Statement Of Revenues, Expenditures,
And Changes In Fund Balances Of Governmental Funds To The
Statement Of Activities*

Net change in total fund balances per fund financial statements \$ (16,467)

*Amounts reported for governmental activities in the statement of activities are
different because of the following:*

*Capital outlays are reported as expenditures in this fund financial statement
because they use current financial resources, but they are presented as assets
in the statement of activities and depreciated over their estimated economic
lives.*

381,611

Depreciation

(35,218)

Amortization

(4,921)

Change in net position of governmental activities

\$ 325,005

See accompanying notes and independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Goshen, KY 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.

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.

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.

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.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Net Position / Fund Balances

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:

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 Fund's Balance Sheets, 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.

Unassigned – Amounts that are not restricted.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position / Fund Balances (continued)

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.

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 has restricted net assets 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 American Rescue Plan Act, whose funds were received in the prior year and spent during the current 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.

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% per month is assessed.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The City provides vacation-pay benefits to its City Clerk. The financial Statements include a liability for unused benefits totaling \$1,625.

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, but not in the Governmental Funds' Balance Sheets. The City has established a threshold of \$1,000 for an expenditure to be considered as a possible capital asset.

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, 2023, 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, 2023 was \$35,218. Depreciation is recorded in the Statement of Activities but not in the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances. On the Statement of Activities, all of the \$35,218 depreciation expense is reported separately.

Recently Issued Accounting Pronouncements

In June 2017, GASB issued Statement No. 87, *Leases*. This pronouncement increases the usefulness of governments financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement is effective for the year ending June 30, 2023.

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, 2023, the carrying amounts of the City's deposits were \$330,524 and the bank balances totaled \$337,205.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

2. CASH DEPOSITS (continued)

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

Category 2 - Deposits that are collateralized with securities by the pledging financial institution's trust department or agent in the City's name

Category 3 - Deposits not collateralized or insured

	Category 1	Category 2	Category 3	Bank Balance
Cash deposits 2023	\$ -	\$ 250,000	\$ 80,524	\$ 337,205

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>
Restricted Certificate of Deposit	\$ 55,219	0.15%	December 16, 2023
Certificate of Deposit	900		
Certificate of Deposit	257,384	2.25%	December 16, 2023

4. RECEIVABLES

The components of amounts owed the City at June 30, 2023 are as follows:

	General Fund Balance Sheet	Road Fund Balance Sheet	Statement of Net Position
Insurance premiums tax	\$ 66,637	\$ -	\$ 66,637
Fines	4,778	-	4,778
KY HB 413	1,658	-	1,658
Other	921	-	921
TOTALS	\$ 73,994	\$ -	\$ 73,994

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

5. CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

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

COST	06/30/2022 <u>Beginning</u>	<u>Increase</u>	<u>Decrease</u>	6/30/2023 <u>Ending</u>
Land	\$ 152,929	\$ -	\$ -	\$ 152,929
Drainage	237,029	220,966	-	457,995
Roads	199,586	-	-	199,586
Improvements	72,009	160,645	-	232,654
Equipment, other than office	43,836	-	-	43,836
Office Equipment	<u>2,585</u>	<u>-</u>	<u>-</u>	<u>2,585</u>
TOTAL COST	\$ 707,974	\$ 381,611	\$ -	\$ 1,089,585
Less:				
Accumulated Depreciation	<u>(385,591)</u>	<u>(35,218)</u>	<u>-</u>	<u>(420,809)</u>
NET CAPITAL ASSETS	<u>\$ 322,383</u>	<u>\$ 346,393</u>	<u>\$ -</u>	<u>\$ 668,776</u>

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 in the prior year. 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.

During the year ended June 30, 2023, the City received \$18,989 from the state of Kentucky for its road grant; \$3,359 from the state of Kentucky for its police protection grant (HB 413); and \$266,119 from the Federal government's American Rescue Plan Act used 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 APRA 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, 2023, the City had spent and documented the qualifying expenditures for the \$266,119 received from ARPA, and, consequently, that total amount is shown on statement of Net Position Governmental Funds' Balance Sheets as grant revenue (deferred from the year before).

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 a loss has occurred and the amount of the loss can be reasonably estimated.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

7. RISK MANAGEMENT (continued)

The City Attorney estimates that the amount of actual or potential insurance claims against the City as of June 30, 2023 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, 2023 or as of this report.

8. LEASE LIABILITY

The City leases office and storage space. The lease is for a three-year term beginning June 1, 2023 and ending May 31, 2025. The lease requires monthly amount of lease expense is \$475 (Office space \$375 and storage space \$100). 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, 2023 was \$5,700.

Future lease expenses at June 30, 2023 were as follows:

June 30, 2024	\$5,224
June 30, 2025	\$5,072

9. COMMITMENTS

The City had the following contractual commitments at June 30, 2023:

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, 2023 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. Work is complete.

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.

10. CONTINGENCIES

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

11. SUBSEQUENT EVENTS

The City has evaluated subsequent events through November 7, 2023, the date of this report, and there are no material subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GOSHEN, KENTUCKY
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2023

	Original Budget	Final	Actual	Variance Favorable (Unfavorable)
General Revenues:				
Property Taxes	\$ 75,000	\$ 75,068	\$ 74,932	\$ (136)
Interest Income	850	850	5,082	4,232
KY Appropriation -Contract Police	4,300	4,300	3,359	(941)
Litter abatement grant	500	481	481	-
Other Income	<u>242,700</u>	<u>604,768</u>	<u>551,642</u>	<u>(53,126)</u>
Total General Revenues	\$ 323,350	\$ 685,467	\$ 635,496	\$ (49,971)
Expenditures:				
General government expenses	110,600	102,551	100,144	2,407
Public safety expenses	30,000	30,000	32,000	(2,000)
Sanitation expenses	50,700	46,130	46,313	(183)
Public works expenses	132,050	133,085	98,284	34,801
Capital Outlay	<u>-</u>	<u>220,966</u>	<u>381,611</u>	<u>(160,645)</u>
Total Expenditures	\$ 323,350	\$ 532,732	\$ 658,352	\$ (125,620)
Excess of revenues over (under) expenditures	-	152,735	(22,856)	(175,591)
Other Financing Sources (Uses)				
Prior Year Accounts Receivable adj	-	-	3,995	3,995
Lease Liability	<u>-</u>	<u>-</u>	<u>(4,921)</u>	<u>(4,921)</u>
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (926)	\$ (926)
 Budgetary fund balance, July 1, 2022	 \$ 362,097	 \$ 362,097	 \$ 362,097	 \$ -
Budgetary fund balance, June 30, 2023	<u>\$ 362,097</u>	<u>\$ 514,832</u>	<u>\$ 338,315</u>	<u>\$ (176,517)</u>

CITY OF GOSHEN, KENTUCKY
Budgetary Comparison Schedule – Municipal Road Aid

	Original Budget	Final	Actual	Variance Favorable (Unfavorable)
Current Year Resources:				
Kentucky Municipal Aid revenue	\$ 17,250	17,250	\$ 18,989	\$ 1,739
Interest Income	-	-	-	-
Total Current Year Resources	\$ 17,250	\$ 17,250	\$ 18,989	\$ 1,739
Current Year Appropriations:				
Public works expenses	17,250	17,250	12,600	4,650
Total Current Year Appropriations	17,250	17,250	12,600	4,650
Excess of revenues over (under) expenditures	-	-	6,389	6,389
 Budgetary fund balance, July 1, 2022	 55,219	 55,219	 55,219	 \$ -
Budgetary fund balance, June 30, 2023	55,219	55,219	61,608	6,389

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

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 amended during the year ended June 30, 2023.

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.

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Lisa T Kaleher, CPA

**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 City of GOSHEN, Kentucky
Goshen, Kentucky 40026

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 of the City of Goshen, KY as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the city of Goshen, Ky's basic financial statements, and have issued my report thereon dated November 7, 2023.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered city of Goshen, Ky'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, KY's internal control. Accordingly, I do not express an opinion on the effectiveness of the city of Goshen, KY'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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 weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that are not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings that I consider to be significant deficiency. See reference numbers 2023-1 through 2023-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Goshen, KY's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Goshen, KY Response to Findings

City of Goshen, KY's response to the findings identified in my audit is described in the accompanying schedule of finding and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

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 entity's internal control or on

compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lisa T Kaleher CPA, Inc

Taylorsville, Kentucky
November 7, 2023

**CITY OF GOSHEN, KY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023**

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Goshen for the fiscal year ended June 30, 2023.
2. Two significant deficiencies in internal control were disclosed during the audit.

FINDINGS AND RESPONSES

INTERNAL CONTROLS – MATERIAL WEAKNESSES - None

**INTERNAL CONTROLS – SIGNIFICANT DEFICIENCIES
2023-001 Financial Statement Preparation**

Criteria:

A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition:

As a result of new highly specialized and complex requirements placed upon auditors under SAS 115 (Statements on Auditing Standards), personnel lacks qualifications and training to apply generally accepted accounting principles in recording the entity's financial transactions and in preparing their financial statements. This internal control deficiency is not intended to comment in a negative manner the ability and integrity of City personnel but to simply highlight issues in the preparation of GAGAS financial statements that are highly specialized and complex.

Cause:

The City does not currently staff personnel trained to prepare financial statements in accordance with Accounting Principles Generally Accepted in the United State of America.

Effect:

Year end adjustments were needed to go from Fund Financial statements to Government Wide statements in order to prepare financial statements per Generally Accepted Accounting Principles.

Recommendation:

Continue to seek professional help when applying unfamiliar accounting principles.

City's Response:

The City will seek trained and qualified professionals for assistance.

Auditor's Response:

The City concurs with the finding. Therefore the finding stands.

**CITY OF GOSHEN, KY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023**

SCHEDULE OF FINDINGS AND RESPONSES (continued)

INTERNAL CONTROL – SIGNIFICANT DEFICIENCIES

2023-002 Segregation of Duties

Criteria:

Proper internal control procedures require that there be an adequate segregation of duties to ensure the proper safeguard of assets.

Condition:

There is inadequate segregation of duties on the design deficiency due to a small office. Reporting of the receipts and recording of the disbursements, is done by the same person.

Cause:

The City does not have the staffing to ensure that adequate internal controls are in place to safeguard against the misappropriation of cash.

Effect:

Due to the limited number of the City's staff, there exists an absence of appropriate segregation of duties consistent with appropriate control objectives. The duties of receiving and disbursing funds, and recording transactions are not separated, which could lead to the possibility of the misappropriation of funds.

Recommendation:

We recommend that the City review its internal control procedures to ensure that at a minimum they include and continue to implement the following:

1. Adequate bonding insurance coverage for everyone handling funds (currently in use);
2. Direct Deposit of funds where it can be utilized;
3. Have someone other than the Treasurer retrieve and open the mail; endorse or stamp the checks "for deposit only" upon receipt. A receipt log would be recommended to be put into use.
4. Dual signatures on all checks (currently in use);
5. Commission member (other than the signer of the checks) reviews, and signifies approval by signing and dating, monthly bank reconciliations (this can be done at the monthly meetings)(currently in use);
6. City Commissioners provide prior written approval(s) for all investments, contracts, and major expenditures which shall be noted into the minutes (currently in use).

City's Response:

The City will continue with the noted recommendations as stated above with the accountant as the independent contractor to review deposits and receipts and prepare monthly bank reconciliations to satisfy this deficiency.

Auditor's Response:

The City concurs with the finding. Therefore the finding stands

OTHER MATTERS - None

CITY OF GOSHEN, KENTUCKY

AUDITED FINANCIAL STATEMENTS

For Year Ended June 30, 2023

CITY OF GOSHEN, KENTUCKY

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT WIDE STATEMENTS:	
Statement of Net Position	6
Statement of Activities	7
FUND FINANCIAL STATEMENTS:	
Balance Sheet	9
Statement of Revenues, Expenditures, and Changes in Fund Balance	10
Notes to Financial Statements	13
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General Fund	21
Budgetary Comparison Schedule - Municipal Road Aid	22
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>	24

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Lisa T Kaleher, CPA

Basic Financial Statements Accompanied by Required Supplementary Information

INDEPENDENT AUDITOR'S REPORT

To the City of Goshen, Kentucky Mayor and Council Members
Goshen, Kentucky 40026

Opinions

I have audited the accompanying financial statements of the governmental activities and major fund of the City of Goshen, KY (the City) as of and for the year ended June 30, 2023, 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 major fund of the City, as of June 30, 2023 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 have conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City of Goshen, KY, 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 these 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, KY'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 opinion. 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 general accepted auditing standards will always detect 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, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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, KY'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, KY'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, budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by 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. I 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 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and my auditor's report thereon. My opinion on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Lisa T Kaleher CPA, Inc

Taylorsville, Kentucky
November 7, 2023

CITY OF GOSHEN, KY
Management's Discussion and Analysis
June 30, 2023

As financial management of the CITY OF GOSHEN, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in our financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Overview of the Financial Statements

The basic 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 (see page 6) presents information on the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities, result in increased net position, which indicate an improved financial position.

The Statement of Activities (see page 7) presents information showing how a government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows.

The general fund statements (see pages 9 and 11) consist of a balance sheet and a statement of revenues and expenditures, respectively. The general fund statements focus on how money flows into and out of the fund. The fund balance at year-end shows what is available for spending in future periods. The reconciliation at the bottom of these statements shows how the general fund statements, the statement of net position, and the statement of activities differ from one another.

The notes beginning on page 14 provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Highlights

The Statement of Net position (see page 6) shows the City has \$413,539 in current assets and \$679,072 in noncurrent assets. Current assets consist of cash, accounts receivables and prepaid insurance. Noncurrent assets consist of capital assets (road costs) net of depreciation. The liabilities of the City are \$23,912, of which is accounts payable, accrued payroll taxes, and lease liabilities. Net position is \$1,068,699, (total assets \$1,092,611 minus total liabilities \$23,912). From year to year, changes in net position are an indicator of the City's financial position. This year there was an increase in net position of \$325,005. Much of this increase was due to acquiring new assets in the amount of \$381,611.

The Statement of Activities (see page 7) shows total general revenues for fiscal year 2023 of the City of Goshen were \$364,319. Tax revenues were 21% of the total revenues. Insurance Premium Tax comprises 66% of the revenues. The remaining revenues comprise of Municipal Road Aid Funds and HB413 funds. Total revenues increased 2% from the prior year.

The combined fund statements (page 9 and 11) show the inflow and outflow of cash receipts and cash expenditures. The decrease in fund balance (page 11) of \$16,467 shows that the City had expenditures over its revenues for the fiscal year. Total revenues were \$654,485. Expenditures and capital outlay totaled \$670,952.

CITY OF GOSHEN, KY
Management's Discussion and Analysis (continued)
June 30, 2023

Significant Events

Two major projects were completed in fiscal year 2022/2023. Pickleball and basketball courts were added to Springmeadow Park. Extensive drainage improvements were completed on Harmony Landing Road.

Budgetary Highlights

The Budgetary Comparison Schedule on page 22 shows a comparison of budgeted revenues and expenditures and actual revenues and expenditures for the General Fund. Actual revenues trailed budgeted revenues by \$49,971. It also shows that budgeted expenses were overspent by \$125,670.

We try to efficiently utilize every dollar of revenue we collect and hope this narrative and the following financial statements demonstrate that fact to the readers of these statements.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City Clerk
City of Goshen, KY
PO Box 112G
Goshen, KY 40026

GOVERNMENT-WIDE STATEMENTS

CITY OF GOSHEN, KENTUCKY
Statement of Net Position
June 30, 2023

	<u>2023</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 275,305
Restricted Cash	55,219
Receivables	80,383
Prepaid Expenses	<u>2,632</u>
Total Current Assets	\$ 413,539
Noncurrent Assets:	
Capital Assets, Net of Depreciation	668,776
Right to Use Assets, Net of Amortization	<u>10,296</u>
Total Noncurrent Assets	\$ 679,072
Total Assets	1,092,611
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 9,139
Accrued Payroll Taxes	4,477
Lease Liability	<u>5,224</u>
Total Current Liabilities	\$ 18,840
Noncurrent Liabilities:	
Lease Liability	<u>5,072</u>
Total Liabilities	\$ 23,912
NET POSITION:	
Net investment in capital assets	668,776
Restricted – Road Fund	61,608
Unrestricted – General Fund	<u>338,315</u>
Total Net Position	<u>\$ 1,068,699</u>

See accompanying notes and independent auditor's report.

CITY OF GOSHEN, KENTUCKY
Statement of Activities
Years Ended June 30, 2023

	Expenses	Operating Grants	Total
GOVERNMENT OPERATIONS:			
General Government	\$ (100,144)	\$ 1,699	\$ (98,455)
Public safety	(32,000)	3,359	(28,641)
Sanitation	(46,313)	-	(46,313)
Public works	(110,884)	18,989	(91,895)
Depreciation & Amortization	<u>(40,139)</u>	<u>266,119</u>	<u>225,980</u>
Totals	\$ (329,480)	\$ 290,166	\$ (39,314)
General Revenues:			
Taxes – Property, levied for general			74,932
Licenses and Permits:			
Insurance premium			243,854
Telecommunications			4,837
Rental license fees			<u>3,600</u>
Total Licenses and Permits			252,291
Other Revenues:			
Stormwater fees			10,727
Fines and other charges			102
Insurance Claim			21,185
Investment Income			<u>5,082</u>
Total General Revenues			\$ 364,319
Change in Net Position			325,005
Net Position – Beginning of year			<u>743,694</u>
Net Position – Ending of year			<u>\$1,068,699</u>

See accompanying notes and independent auditor's report.

FUND FINANCIAL STATEMENTS

CITY OF GOSHEN, KENTUCKY
Balance Sheet – General Fund
June 30, 2023

	Governmental Fund Types		
	General	Municipal Road Fund	<u>Totals</u>
ASSETS			
Current Assets:			
Cash	\$ 275,305	\$ -	\$ 275,305
Cash - Restricted	-	55,219	55,219
Receivables	73,994	-	73,994
Due from General Fund	-	6,389	6,389
Prepaid Expenses	<u>2,632</u>	<u>-</u>	<u>2,632</u>
Total Assets	\$ <u>351,931</u>	\$ <u>61,608</u>	\$ <u>413,539</u>
LIABILITIES:			
Accounts Payable	\$ 2,750	\$ -	\$ 2,750
Due to Municipal Road Fund	6,389	-	6,389
Accrued Expenses	<u>4,477</u>	<u>-</u>	<u>4,477</u>
Total Liabilities	<u>13,616</u>	<u>-</u>	<u>13,616</u>
FUND BALANCE:			
Restricted – Road Fund	-	61,608	61,608
Unassigned – General Fund	<u>338,315</u>	<u>-</u>	<u>338,315</u>
Total Fund Balance	<u>338,315</u>	<u>61,608</u>	<u>399,923</u>
Total Liabilities and Fund Balance	\$ <u>351,931</u>	\$ <u>61,608</u>	\$ <u>413,539</u>

*Reconciliation Of The Balance Sheet
Governmental Funds To The Statement Of Net Position*

<i>Total fund balance per fund financial statements</i>	\$ 399,923
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
<i>Capital net assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.</i>	679,072
<i>Some liabilities, including notes and capital leases, are not due and payable in the current period and therefore are not reported in the fund financial statements</i>	<u>(10,296)</u>
<i>Net position for governmental activities</i>	<u>\$ 1,068,699</u>

See accompanying notes and independent auditor's report.

CITY OF GOSHEN, KENTUCKY

Statements of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2023

	Governmental Fund Types		Total
	General	Municipal Road Fund	
General Revenues:			
Taxes: Property tax, levied for general	\$ 74,932	\$ -	\$ 74,932
License and permits:			
Insurance premium tax	243,854	-	243,854
Franchise tax	4,837	-	4,837
Rental license fees	<u>3,600</u>	<u>-</u>	<u>3,600</u>
Total licenses and permits	252,291	-	252,291
Intergovernmental:			
Grant Income	266,600	-	266,600
KY Appropriation – Contract Police	3,359	-	3,359
Mineral surcharge	1,218	-	1,218
KY Municipal Aid receipts	<u>-</u>	<u>18,989</u>	<u>18,989</u>
Total Intergovernmental	271,177	18,989	290,166
Other Revenues:			
Stormwater fees	10,727	-	10,727
Fines and other charges	102	-	102
Miscellaneous Income	21,185	-	21,185
Investment Income	<u>5,082</u>	<u>-</u>	<u>5,082</u>
Total Other Revenues	<u>37,096</u>	<u>-</u>	<u>37,096</u>
Total Revenues	635,496	18,989	654,485
Expenditures:			
Current			
General government expenses	100,144	-	100,144
Public safety expenses	32,000	-	32,000
Sanitation	46,313	-	46,313
Public work	98,284	12,600	110,884
Capital outlay	<u>381,611</u>	<u>-</u>	<u>381,611</u>
Total Expenditures:	658,352	12,600	670,952
Excess of revenues over (under)			
expenditures before other sources (uses)	(22,856)	6,389	(16,467)
Other Financing Sources (uses)			
Prior Year Accounts Receivable Adj	3,995	-	3,995
Lease Liability	<u>(4,921)</u>	<u>-</u>	<u>(4,921)</u>
Total Other Financing Sources (Uses)	<u>(926)</u>	<u>-</u>	<u>(926)</u>
Beginning Fund Balance	<u>362,097</u>	<u>55,219</u>	<u>417,316</u>
Ending Fund Balance	<u>\$ 338,315</u>	<u>\$ 61,608</u>	<u>\$ 399,923</u>

See accompanying notes and independent auditor's report.

CITY OF GOSHEN, KENTUCKY

Reconciliation of the Governmental Funds' Changes in Fund Balances to the Statement of Activities' Change in Net Position Year Ended June 30, 2023

*Reconciliation Of The Statement Of Revenues, Expenditures,
And Changes In Fund Balances Of Governmental Funds To The
Statement Of Activities*

Net change in total fund balances per fund financial statements \$ (16,467)

*Amounts reported for governmental activities in the statement of activities are
different because of the following:*

*Capital outlays are reported as expenditures in this fund financial statement
because they use current financial resources, but they are presented as assets
in the statement of activities and depreciated over their estimated economic
lives.*

381,611

Depreciation

(35,218)

Amortization

(4,921)

Change in net position of governmental activities

\$ 325,005

See accompanying notes and independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Goshen, KY 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.

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.

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.

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.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Net Position / Fund Balances

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:

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 Fund's Balance Sheets, 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.

Unassigned – Amounts that are not restricted.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position / Fund Balances (continued)

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.

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 has restricted net assets 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 American Rescue Plan Act, whose funds were received in the prior year and spent during the current 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.

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% per month is assessed.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The City provides vacation-pay benefits to its City Clerk. The financial Statements include a liability for unused benefits totaling \$1,625.

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, but not in the Governmental Funds' Balance Sheets. The City has established a threshold of \$1,000 for an expenditure to be considered as a possible capital asset.

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, 2023, 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, 2023 was \$35,218. Depreciation is recorded in the Statement of Activities but not in the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances. On the Statement of Activities, all of the \$35,218 depreciation expense is reported separately.

Recently Issued Accounting Pronouncements

In June 2017, GASB issued Statement No. 87, *Leases*. This pronouncement increases the usefulness of governments financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement is effective for the year ending June 30, 2023.

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, 2023, the carrying amounts of the City's deposits were \$330,524 and the bank balances totaled \$337,205.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

2. CASH DEPOSITS (continued)

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

Category 2 - Deposits that are collateralized with securities by the pledging financial institution's trust department or agent in the City's name

Category 3 - Deposits not collateralized or insured

	Category 1	Category 2	Category 3	Bank Balance
Cash deposits 2023	\$ -	\$ 250,000	\$ 80,524	\$ 337,205

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>
Restricted Certificate of Deposit	\$ 55,219	0.15%	December 16, 2023
Certificate of Deposit	900		
Certificate of Deposit	257,384	2.25%	December 16, 2023

4. RECEIVABLES

The components of amounts owed the City at June 30, 2023 are as follows:

	General Fund Balance Sheet	Road Fund Balance Sheet	Statement of Net Position
Insurance premiums tax	\$ 66,637	\$ -	\$ 66,637
Fines	4,778	-	4,778
KY HB 413	1,658	-	1,658
Other	921	-	921
TOTALS	<u>\$ 73,994</u>	<u>\$ -</u>	<u>\$ 73,994</u>

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

5. CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

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

COST	06/30/2022 <u>Beginning</u>	<u>Increase</u>	<u>Decrease</u>	6/30/2023 <u>Ending</u>
Land	\$ 152,929	\$ -	\$ -	\$ 152,929
Drainage	237,029	220,966	-	457,995
Roads	199,586	-	-	199,586
Improvements	72,009	160,645	-	232,654
Equipment, other than office	43,836	-	-	43,836
Office Equipment	<u>2,585</u>	<u>-</u>	<u>-</u>	<u>2,585</u>
TOTAL COST	\$ 707,974	\$ 381,611	\$ -	\$ 1,089,585
Less:				
Accumulated Depreciation	<u>(385,591)</u>	<u>(35,218)</u>	<u>-</u>	<u>(420,809)</u>
NET CAPITAL ASSETS	<u>\$ 322,383</u>	<u>\$ 346,393</u>	<u>\$ -</u>	<u>\$ 668,776</u>

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 in the prior year. 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.

During the year ended June 30, 2023, the City received \$18,989 from the state of Kentucky for its road grant; \$3,359 from the state of Kentucky for its police protection grant (HB 413); and \$266,119 from the Federal government's American Rescue Plan Act used 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 APRA 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, 2023, the City had spent and documented the qualifying expenditures for the \$266,119 received from ARPA, and, consequently, that total amount is shown on statement of Net Position Governmental Funds' Balance Sheets as grant revenue (deferred from the year before).

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 a loss has occurred and the amount of the loss can be reasonably estimated.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

7. RISK MANAGEMENT (continued)

The City Attorney estimates that the amount of actual or potential insurance claims against the City as of June 30, 2023 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, 2023 or as of this report.

8. LEASE LIABILITY

The City leases office and storage space. The lease is for a three-year term beginning June 1, 2023 and ending May 31, 2025. The lease requires monthly amount of lease expense is \$475 (Office space \$375 and storage space \$100). 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, 2023 was \$5,700.

Future lease expenses at June 30, 2023 were as follows:

June 30, 2024	\$5,224
June 30, 2025	\$5,072

9. COMMITMENTS

The City had the following contractual commitments at June 30, 2023:

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, 2023 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. Work is complete.

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.

10. CONTINGENCIES

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

11. SUBSEQUENT EVENTS

The City has evaluated subsequent events through November 7, 2023, the date of this report, and there are no material subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GOSHEN, KENTUCKY
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2023

	Original Budget	Final	Actual	Variance Favorable (Unfavorable)
General Revenues:				
Property Taxes	\$ 75,000	\$ 75,068	\$ 74,932	\$ (136)
Interest Income	850	850	5,082	4,232
KY Appropriation -Contract Police	4,300	4,300	3,359	(941)
Litter abatement grant	500	481	481	-
Other Income	<u>242,700</u>	<u>604,768</u>	<u>551,642</u>	<u>(53,126)</u>
Total General Revenues	\$ 323,350	\$ 685,467	\$ 635,496	\$ (49,971)
Expenditures:				
General government expenses	110,600	102,551	100,144	2,407
Public safety expenses	30,000	30,000	32,000	(2,000)
Sanitation expenses	50,700	46,130	46,313	(183)
Public works expenses	132,050	133,085	98,284	34,801
Capital Outlay	<u>-</u>	<u>220,966</u>	<u>381,611</u>	<u>(160,645)</u>
Total Expenditures	\$ 323,350	\$ 532,732	\$ 658,352	\$ (125,620)
Excess of revenues over (under) expenditures	-	152,735	(22,856)	(175,591)
Other Financing Sources (Uses)				
Prior Year Accounts Receivable adj	-	-	3,995	3,995
Lease Liability	<u>-</u>	<u>-</u>	<u>(4,921)</u>	<u>(4,921)</u>
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (926)	\$ (926)
 Budgetary fund balance, July 1, 2022	 \$ 362,097	 \$ 362,097	 \$ 362,097	 \$ -
Budgetary fund balance, June 30, 2023	<u>\$ 362,097</u>	<u>\$ 514,832</u>	<u>\$ 338,315</u>	<u>\$ (176,517)</u>

CITY OF GOSHEN, KENTUCKY
Budgetary Comparison Schedule – Municipal Road Aid

	Original Budget	Final	Actual	Variance Favorable (Unfavorable)
Current Year Resources:				
Kentucky Municipal Aid revenue	\$ 17,250	17,250	\$ 18,989	\$ 1,739
Interest Income	-	-	-	-
Total Current Year Resources	\$ 17,250	\$ 17,250	\$ 18,989	\$ 1,739
Current Year Appropriations:				
Public works expenses	17,250	17,250	12,600	4,650
Total Current Year Appropriations	17,250	17,250	12,600	4,650
Excess of revenues over (under) expenditures	-	-	6,389	6,389
 Budgetary fund balance, July 1, 2022	 55,219	 55,219	 55,219	 \$ -
Budgetary fund balance, June 30, 2023	55,219	55,219	61,608	6,389

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

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 amended during the year ended June 30, 2023.

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.

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Lisa T Kaleher, CPA

**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 City of GOSHEN, Kentucky
Goshen, Kentucky 40026

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 of the City of Goshen, KY as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the city of Goshen, Ky's basic financial statements, and have issued my report thereon dated November 7, 2023.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered city of Goshen, Ky'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, KY's internal control. Accordingly, I do not express an opinion on the effectiveness of the city of Goshen, KY'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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 weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that are not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings that I consider to be significant deficiency. See reference numbers 2023-1 through 2023-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Goshen, KY's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Goshen, KY Response to Findings

City of Goshen, KY's response to the findings identified in my audit is described in the accompanying schedule of finding and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

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 entity's internal control or on

compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lisa T Kaleher CPA, Inc

Taylorsville, Kentucky
November 7, 2023

**CITY OF GOSHEN, KY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023**

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Goshen for the fiscal year ended June 30, 2023.
2. Two significant deficiencies in internal control were disclosed during the audit.

FINDINGS AND RESPONSES

INTERNAL CONTROLS – MATERIAL WEAKNESSES - None

**INTERNAL CONTROLS – SIGNIFICANT DEFICIENCIES
2023-001 Financial Statement Preparation**

Criteria:

A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition:

As a result of new highly specialized and complex requirements placed upon auditors under SAS 115 (Statements on Auditing Standards), personnel lacks qualifications and training to apply generally accepted accounting principles in recording the entity's financial transactions and in preparing their financial statements. This internal control deficiency is not intended to comment in a negative manner the ability and integrity of City personnel but to simply highlight issues in the preparation of GAGAS financial statements that are highly specialized and complex.

Cause:

The City does not currently staff personnel trained to prepare financial statements in accordance with Accounting Principles Generally Accepted in the United State of America.

Effect:

Year end adjustments were needed to go from Fund Financial statements to Government Wide statements in order to prepare financial statements per Generally Accepted Accounting Principles.

Recommendation:

Continue to seek professional help when applying unfamiliar accounting principles.

City's Response:

The City will seek trained and qualified professionals for assistance.

Auditor's Response:

The City concurs with the finding. Therefore the finding stands.

**CITY OF GOSHEN, KY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023**

SCHEDULE OF FINDINGS AND RESPONSES (continued)

INTERNAL CONTROL – SIGNIFICANT DEFICIENCIES

2023-002 Segregation of Duties

Criteria:

Proper internal control procedures require that there be an adequate segregation of duties to ensure the proper safeguard of assets.

Condition:

There is inadequate segregation of duties on the design deficiency due to a small office. Reporting of the receipts and recording of the disbursements, is done by the same person.

Cause:

The City does not have the staffing to ensure that adequate internal controls are in place to safeguard against the misappropriation of cash.

Effect:

Due to the limited number of the City's staff, there exists an absence of appropriate segregation of duties consistent with appropriate control objectives. The duties of receiving and disbursing funds, and recording transactions are not separated, which could lead to the possibility of the misappropriation of funds.

Recommendation:

We recommend that the City review its internal control procedures to ensure that at a minimum they include and continue to implement the following:

1. Adequate bonding insurance coverage for everyone handling funds (currently in use);
2. Direct Deposit of funds where it can be utilized;
3. Have someone other than the Treasurer retrieve and open the mail; endorse or stamp the checks "for deposit only" upon receipt. A receipt log would be recommended to be put into use.
4. Dual signatures on all checks (currently in use);
5. Commission member (other than the signer of the checks) reviews, and signifies approval by signing and dating, monthly bank reconciliations (this can be done at the monthly meetings)(currently in use);
6. City Commissioners provide prior written approval(s) for all investments, contracts, and major expenditures which shall be noted into the minutes (currently in use).

City's Response:

The City will continue with the noted recommendations as stated above with the accountant as the independent contractor to review deposits and receipts and prepare monthly bank reconciliations to satisfy this deficiency.

Auditor's Response:

The City concurs with the finding. Therefore the finding stands

OTHER MATTERS - None

CITY OF GOSHEN, KENTUCKY

AUDITED FINANCIAL STATEMENTS

For Year Ended June 30, 2023

CITY OF GOSHEN, KENTUCKY

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT WIDE STATEMENTS:	
Statement of Net Position	6
Statement of Activities	7
FUND FINANCIAL STATEMENTS:	
Balance Sheet	9
Statement of Revenues, Expenditures, and Changes in Fund Balance	10
Notes to Financial Statements	13
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General Fund	21
Budgetary Comparison Schedule - Municipal Road Aid	22
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>	24

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210 West Main Street PO Box 188
Taylorsville, Kentucky 40071
(502) 477-2591 Fax (502) 477-5665

Lisa T Kaleher, CPA

Basic Financial Statements Accompanied by Required Supplementary Information

INDEPENDENT AUDITOR'S REPORT

To the City of Goshen, Kentucky Mayor and Council Members
Goshen, Kentucky 40026

Opinions

I have audited the accompanying financial statements of the governmental activities and major fund of the City of Goshen, KY (the City) as of and for the year ended June 30, 2023, 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 major fund of the City, as of June 30, 2023 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 have conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City of Goshen, KY, 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 these 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, KY'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 opinion. 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 general accepted auditing standards will always detect 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, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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, KY'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, KY'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, budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by 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. I 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 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and my auditor's report thereon. My opinion on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Lisa T Kaleher CPA, Inc

Taylorsville, Kentucky
November 7, 2023

CITY OF GOSHEN, KY
Management's Discussion and Analysis
June 30, 2023

As financial management of the CITY OF GOSHEN, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in our financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Overview of the Financial Statements

The basic 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 (see page 6) presents information on the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities, result in increased net position, which indicate an improved financial position.

The Statement of Activities (see page 7) presents information showing how a government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows.

The general fund statements (see pages 9 and 11) consist of a balance sheet and a statement of revenues and expenditures, respectively. The general fund statements focus on how money flows into and out of the fund. The fund balance at year-end shows what is available for spending in future periods. The reconciliation at the bottom of these statements shows how the general fund statements, the statement of net position, and the statement of activities differ from one another.

The notes beginning on page 14 provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Highlights

The Statement of Net position (see page 6) shows the City has \$413,539 in current assets and \$679,072 in noncurrent assets. Current assets consist of cash, accounts receivables and prepaid insurance. Noncurrent assets consist of capital assets (road costs) net of depreciation. The liabilities of the City are \$23,912, of which is accounts payable, accrued payroll taxes, and lease liabilities. Net position is \$1,068,699, (total assets \$1,092,611 minus total liabilities \$23,912). From year to year, changes in net position are an indicator of the City's financial position. This year there was an increase in net position of \$325,005. Much of this increase was due to acquiring new assets in the amount of \$381,611.

The Statement of Activities (see page 7) shows total general revenues for fiscal year 2023 of the City of Goshen were \$364,319. Tax revenues were 21% of the total revenues. Insurance Premium Tax comprises 66% of the revenues. The remaining revenues comprise of Municipal Road Aid Funds and HB413 funds. Total revenues increased 2% from the prior year.

The combined fund statements (page 9 and 11) show the inflow and outflow of cash receipts and cash expenditures. The decrease in fund balance (page 11) of \$16,467 shows that the City had expenditures over its revenues for the fiscal year. Total revenues were \$654,485. Expenditures and capital outlay totaled \$670,952.

CITY OF GOSHEN, KY
Management's Discussion and Analysis (continued)
June 30, 2023

Significant Events

Two major projects were completed in fiscal year 2022/2023. Pickleball and basketball courts were added to Springmeadow Park. Extensive drainage improvements were completed on Harmony Landing Road.

Budgetary Highlights

The Budgetary Comparison Schedule on page 22 shows a comparison of budgeted revenues and expenditures and actual revenues and expenditures for the General Fund. Actual revenues trailed budgeted revenues by \$49,971. It also shows that budgeted expenses were overspent by \$125,670.

We try to efficiently utilize every dollar of revenue we collect and hope this narrative and the following financial statements demonstrate that fact to the readers of these statements.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City Clerk
City of Goshen, KY
PO Box 112G
Goshen, KY 40026

GOVERNMENT-WIDE STATEMENTS

CITY OF GOSHEN, KENTUCKY
Statement of Net Position
June 30, 2023

	<u>2023</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 275,305
Restricted Cash	55,219
Receivables	80,383
Prepaid Expenses	<u>2,632</u>
Total Current Assets	\$ 413,539
Noncurrent Assets:	
Capital Assets, Net of Depreciation	668,776
Right to Use Assets, Net of Amortization	<u>10,296</u>
Total Noncurrent Assets	\$ 679,072
Total Assets	1,092,611
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 9,139
Accrued Payroll Taxes	4,477
Lease Liability	<u>5,224</u>
Total Current Liabilities	\$ 18,840
Noncurrent Liabilities:	
Lease Liability	<u>5,072</u>
Total Liabilities	\$ 23,912
NET POSITION:	
Net investment in capital assets	668,776
Restricted – Road Fund	61,608
Unrestricted – General Fund	<u>338,315</u>
Total Net Position	<u>\$ 1,068,699</u>

See accompanying notes and independent auditor's report.

CITY OF GOSHEN, KENTUCKY
Statement of Activities
Years Ended June 30, 2023

	Expenses	Operating Grants	Total
GOVERNMENT OPERATIONS:			
General Government	\$ (100,144)	\$ 1,699	\$ (98,455)
Public safety	(32,000)	3,359	(28,641)
Sanitation	(46,313)	-	(46,313)
Public works	(110,884)	18,989	(91,895)
Depreciation & Amortization	<u>(40,139)</u>	<u>266,119</u>	<u>225,980</u>
Totals	\$ (329,480)	\$ 290,166	\$ (39,314)
General Revenues:			
Taxes – Property, levied for general			74,932
Licenses and Permits:			
Insurance premium			243,854
Telecommunications			4,837
Rental license fees			<u>3,600</u>
Total Licenses and Permits			252,291
Other Revenues:			
Stormwater fees			10,727
Fines and other charges			102
Insurance Claim			21,185
Investment Income			<u>5,082</u>
Total General Revenues			\$ 364,319
Change in Net Position			325,005
Net Position – Beginning of year			<u>743,694</u>
Net Position – Ending of year			<u>\$1,068,699</u>

See accompanying notes and independent auditor's report.

FUND FINANCIAL STATEMENTS

CITY OF GOSHEN, KENTUCKY
Balance Sheet – General Fund
June 30, 2023

	Governmental Fund Types		
	General	Municipal Road Fund	<u>Totals</u>
ASSETS			
Current Assets:			
Cash	\$ 275,305	\$ -	\$ 275,305
Cash - Restricted	-	55,219	55,219
Receivables	73,994	-	73,994
Due from General Fund	-	6,389	6,389
Prepaid Expenses	<u>2,632</u>	<u>-</u>	<u>2,632</u>
Total Assets	\$ <u>351,931</u>	\$ <u>61,608</u>	\$ <u>413,539</u>
LIABILITIES:			
Accounts Payable	\$ 2,750	\$ -	\$ 2,750
Due to Municipal Road Fund	6,389	-	6,389
Accrued Expenses	<u>4,477</u>	<u>-</u>	<u>4,477</u>
Total Liabilities	<u>13,616</u>	<u>-</u>	<u>13,616</u>
FUND BALANCE:			
Restricted – Road Fund	-	61,608	61,608
Unassigned – General Fund	<u>338,315</u>	<u>-</u>	<u>338,315</u>
Total Fund Balance	<u>338,315</u>	<u>61,608</u>	<u>399,923</u>
Total Liabilities and Fund Balance	\$ <u>351,931</u>	\$ <u>61,608</u>	\$ <u>413,539</u>

*Reconciliation Of The Balance Sheet
Governmental Funds To The Statement Of Net Position*

<i>Total fund balance per fund financial statements</i>	\$ 399,923
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
<i>Capital net assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.</i>	679,072
<i>Some liabilities, including notes and capital leases, are not due and payable in the current period and therefore are not reported in the fund financial statements</i>	<u>(10,296)</u>
<i>Net position for governmental activities</i>	<u>\$ 1,068,699</u>

See accompanying notes and independent auditor's report.

CITY OF GOSHEN, KENTUCKY

Statements of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2023

	Governmental Fund Types		Total
	General	Municipal Road Fund	
General Revenues:			
Taxes: Property tax, levied for general	\$ 74,932	\$ -	\$ 74,932
License and permits:			
Insurance premium tax	243,854	-	243,854
Franchise tax	4,837	-	4,837
Rental license fees	<u>3,600</u>	<u>-</u>	<u>3,600</u>
Total licenses and permits	252,291	-	252,291
Intergovernmental:			
Grant Income	266,600	-	266,600
KY Appropriation – Contract Police	3,359	-	3,359
Mineral surcharge	1,218	-	1,218
KY Municipal Aid receipts	<u>-</u>	<u>18,989</u>	<u>18,989</u>
Total Intergovernmental	271,177	18,989	290,166
Other Revenues:			
Stormwater fees	10,727	-	10,727
Fines and other charges	102	-	102
Miscellaneous Income	21,185	-	21,185
Investment Income	<u>5,082</u>	<u>-</u>	<u>5,082</u>
Total Other Revenues	<u>37,096</u>	<u>-</u>	<u>37,096</u>
Total Revenues	635,496	18,989	654,485
Expenditures:			
Current			
General government expenses	100,144	-	100,144
Public safety expenses	32,000	-	32,000
Sanitation	46,313	-	46,313
Public work	98,284	12,600	110,884
Capital outlay	<u>381,611</u>	<u>-</u>	<u>381,611</u>
Total Expenditures:	658,352	12,600	670,952
Excess of revenues over (under)			
expenditures before other sources (uses)	(22,856)	6,389	(16,467)
Other Financing Sources (uses)			
Prior Year Accounts Receivable Adj	3,995	-	3,995
Lease Liability	<u>(4,921)</u>	<u>-</u>	<u>(4,921)</u>
Total Other Financing Sources (Uses)	<u>(926)</u>	<u>-</u>	<u>(926)</u>
Beginning Fund Balance	<u>362,097</u>	<u>55,219</u>	<u>417,316</u>
Ending Fund Balance	<u>\$ 338,315</u>	<u>\$ 61,608</u>	<u>\$ 399,923</u>

See accompanying notes and independent auditor's report.

CITY OF GOSHEN, KENTUCKY

Reconciliation of the Governmental Funds' Changes in Fund Balances to the Statement of Activities' Change in Net Position Year Ended June 30, 2023

*Reconciliation Of The Statement Of Revenues, Expenditures,
And Changes In Fund Balances Of Governmental Funds To The
Statement Of Activities*

Net change in total fund balances per fund financial statements \$ (16,467)

*Amounts reported for governmental activities in the statement of activities are
different because of the following:*

*Capital outlays are reported as expenditures in this fund financial statement
because they use current financial resources, but they are presented as assets
in the statement of activities and depreciated over their estimated economic
lives.*

381,611

Depreciation

(35,218)

Amortization

(4,921)

Change in net position of governmental activities

\$ 325,005

See accompanying notes and independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Goshen, KY 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.

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.

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.

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.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Net Position / Fund Balances

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:

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 Fund's Balance Sheets, 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.

Unassigned – Amounts that are not restricted.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position / Fund Balances (continued)

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.

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 has restricted net assets 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 American Rescue Plan Act, whose funds were received in the prior year and spent during the current 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.

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% per month is assessed.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The City provides vacation-pay benefits to its City Clerk. The financial Statements include a liability for unused benefits totaling \$1,625.

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, but not in the Governmental Funds' Balance Sheets. The City has established a threshold of \$1,000 for an expenditure to be considered as a possible capital asset.

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, 2023, 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, 2023 was \$35,218. Depreciation is recorded in the Statement of Activities but not in the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances. On the Statement of Activities, all of the \$35,218 depreciation expense is reported separately.

Recently Issued Accounting Pronouncements

In June 2017, GASB issued Statement No. 87, *Leases*. This pronouncement increases the usefulness of governments financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement is effective for the year ending June 30, 2023.

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, 2023, the carrying amounts of the City's deposits were \$330,524 and the bank balances totaled \$337,205.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

2. CASH DEPOSITS (continued)

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

Category 2 - Deposits that are collateralized with securities by the pledging financial institution's trust department or agent in the City's name

Category 3 - Deposits not collateralized or insured

	Category 1	Category 2	Category 3	Bank Balance
Cash deposits 2023	\$ -	\$ 250,000	\$ 80,524	\$ 337,205

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>
Restricted Certificate of Deposit	\$ 55,219	0.15%	December 16, 2023
Certificate of Deposit	900		
Certificate of Deposit	257,384	2.25%	December 16, 2023

4. RECEIVABLES

The components of amounts owed the City at June 30, 2023 are as follows:

	General Fund Balance Sheet	Road Fund Balance Sheet	Statement of Net Position
Insurance premiums tax	\$ 66,637	\$ -	\$ 66,637
Fines	4,778	-	4,778
KY HB 413	1,658	-	1,658
Other	921	-	921
TOTALS	<u>\$ 73,994</u>	<u>\$ -</u>	<u>\$ 73,994</u>

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

5. CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

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

COST	06/30/2022 <u>Beginning</u>	<u>Increase</u>	<u>Decrease</u>	6/30/2023 <u>Ending</u>
Land	\$ 152,929	\$ -	\$ -	\$ 152,929
Drainage	237,029	220,966	-	457,995
Roads	199,586	-	-	199,586
Improvements	72,009	160,645	-	232,654
Equipment, other than office	43,836	-	-	43,836
Office Equipment	<u>2,585</u>	<u>-</u>	<u>-</u>	<u>2,585</u>
TOTAL COST	\$ 707,974	\$ 381,611	\$ -	\$ 1,089,585
Less:				
Accumulated Depreciation	<u>(385,591)</u>	<u>(35,218)</u>	<u>-</u>	<u>(420,809)</u>
NET CAPITAL ASSETS	\$ <u>322,383</u>	\$ <u>346,393</u>	\$ <u>-</u>	\$ <u>668,776</u>

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 in the prior year. 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.

During the year ended June 30, 2023, the City received \$18,989 from the state of Kentucky for its road grant; \$3,359 from the state of Kentucky for its police protection grant (HB 413); and \$266,119 from the Federal government's American Rescue Plan Act used 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 APRA 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, 2023, the City had spent and documented the qualifying expenditures for the \$266,119 received from ARPA, and, consequently, that total amount is shown on statement of Net Position Governmental Funds' Balance Sheets as grant revenue (deferred from the year before).

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 a loss has occurred and the amount of the loss can be reasonably estimated.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

7. RISK MANAGEMENT (continued)

The City Attorney estimates that the amount of actual or potential insurance claims against the City as of June 30, 2023 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, 2023 or as of this report.

8. LEASE LIABILITY

The City leases office and storage space. The lease is for a three-year term beginning June 1, 2023 and ending May 31, 2025. The lease requires monthly amount of lease expense is \$475 (Office space \$375 and storage space \$100). 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, 2023 was \$5,700.

Future lease expenses at June 30, 2023 were as follows:

June 30, 2024	\$5,224
June 30, 2025	\$5,072

9. COMMITMENTS

The City had the following contractual commitments at June 30, 2023:

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, 2023 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. Work is complete.

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.

10. CONTINGENCIES

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

11. SUBSEQUENT EVENTS

The City has evaluated subsequent events through November 7, 2023, the date of this report, and there are no material subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GOSHEN, KENTUCKY
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2023

	Original Budget	Final	Actual	Variance Favorable (Unfavorable)
General Revenues:				
Property Taxes	\$ 75,000	\$ 75,068	\$ 74,932	\$ (136)
Interest Income	850	850	5,082	4,232
KY Appropriation -Contract Police	4,300	4,300	3,359	(941)
Litter abatement grant	500	481	481	-
Other Income	<u>242,700</u>	<u>604,768</u>	<u>551,642</u>	<u>(53,126)</u>
Total General Revenues	\$ 323,350	\$ 685,467	\$ 635,496	\$ (49,971)
Expenditures:				
General government expenses	110,600	102,551	100,144	2,407
Public safety expenses	30,000	30,000	32,000	(2,000)
Sanitation expenses	50,700	46,130	46,313	(183)
Public works expenses	132,050	133,085	98,284	34,801
Capital Outlay	<u>-</u>	<u>220,966</u>	<u>381,611</u>	<u>(160,645)</u>
Total Expenditures	\$ 323,350	\$ 532,732	\$ 658,352	\$ (125,620)
Excess of revenues over (under) expenditures	-	152,735	(22,856)	(175,591)
Other Financing Sources (Uses)				
Prior Year Accounts Receivable adj	-	-	3,995	3,995
Lease Liability	<u>-</u>	<u>-</u>	<u>(4,921)</u>	<u>(4,921)</u>
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (926)	\$ (926)
 Budgetary fund balance, July 1, 2022	 \$ 362,097	 \$ 362,097	 \$ 362,097	 \$ -
Budgetary fund balance, June 30, 2023	<u>\$ 362,097</u>	<u>\$ 514,832</u>	<u>\$ 338,315</u>	<u>\$ (176,517)</u>

CITY OF GOSHEN, KENTUCKY
Budgetary Comparison Schedule – Municipal Road Aid

	Original Budget	Final	Actual	Variance Favorable (Unfavorable)
Current Year Resources:				
Kentucky Municipal Aid revenue	\$ 17,250	17,250	\$ 18,989	\$ 1,739
Interest Income	-	-	-	-
Total Current Year Resources	\$ 17,250	\$ 17,250	\$ 18,989	\$ 1,739
Current Year Appropriations:				
Public works expenses	17,250	17,250	12,600	4,650
Total Current Year Appropriations	17,250	17,250	12,600	4,650
Excess of revenues over (under) expenditures	-	-	6,389	6,389
 Budgetary fund balance, July 1, 2022	<u>55,219</u>	<u>55,219</u>	<u>55,219</u>	\$ -
Budgetary fund balance, June 30, 2023	<u>55,219</u>	<u>55,219</u>	<u>61,608</u>	<u>6,389</u>

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

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 amended during the year ended June 30, 2023.

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.

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

To the City of GOSHEN, Kentucky
Goshen, Kentucky 40026

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 of the City of Goshen, KY as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the city of Goshen, Ky's basic financial statements, and have issued my report thereon dated November 7, 2023.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered city of Goshen, Ky'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, KY's internal control. Accordingly, I do not express an opinion on the effectiveness of the city of Goshen, KY'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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 weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that are not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings that I consider to be significant deficiency. See reference numbers 2023-1 through 2023-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Goshen, KY's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Goshen, KY Response to Findings

City of Goshen, KY's response to the findings identified in my audit is described in the accompanying schedule of finding and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

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 entity's internal control or on

compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lisa T Kaleher CPA, Inc

Taylorsville, Kentucky
November 7, 2023

**CITY OF GOSHEN, KY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023**

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Goshen for the fiscal year ended June 30, 2023.
2. Two significant deficiencies in internal control were disclosed during the audit.

FINDINGS AND RESPONSES

INTERNAL CONTROLS – MATERIAL WEAKNESSES - None

**INTERNAL CONTROLS – SIGNIFICANT DEFICIENCIES
2023-001 Financial Statement Preparation**

Criteria:

A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition:

As a result of new highly specialized and complex requirements placed upon auditors under SAS 115 (Statements on Auditing Standards), personnel lacks qualifications and training to apply generally accepted accounting principles in recording the entity's financial transactions and in preparing their financial statements. This internal control deficiency is not intended to comment in a negative manner the ability and integrity of City personnel but to simply highlight issues in the preparation of GAGAS financial statements that are highly specialized and complex.

Cause:

The City does not currently staff personnel trained to prepare financial statements in accordance with Accounting Principles Generally Accepted in the United State of America.

Effect:

Year end adjustments were needed to go from Fund Financial statements to Government Wide statements in order to prepare financial statements per Generally Accepted Accounting Principles.

Recommendation:

Continue to seek professional help when applying unfamiliar accounting principles.

City's Response:

The City will seek trained and qualified professionals for assistance.

Auditor's Response:

The City concurs with the finding. Therefore the finding stands.

**CITY OF GOSHEN, KY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023**

SCHEDULE OF FINDINGS AND RESPONSES (continued)

INTERNAL CONTROL – SIGNIFICANT DEFICIENCIES

2023-002 Segregation of Duties

Criteria:

Proper internal control procedures require that there be an adequate segregation of duties to ensure the proper safeguard of assets.

Condition:

There is inadequate segregation of duties on the design deficiency due to a small office. Reporting of the receipts and recording of the disbursements, is done by the same person.

Cause:

The City does not have the staffing to ensure that adequate internal controls are in place to safeguard against the misappropriation of cash.

Effect:

Due to the limited number of the City's staff, there exists an absence of appropriate segregation of duties consistent with appropriate control objectives. The duties of receiving and disbursing funds, and recording transactions are not separated, which could lead to the possibility of the misappropriation of funds.

Recommendation:

We recommend that the City review its internal control procedures to ensure that at a minimum they include and continue to implement the following:

1. Adequate bonding insurance coverage for everyone handling funds (currently in use);
2. Direct Deposit of funds where it can be utilized;
3. Have someone other than the Treasurer retrieve and open the mail; endorse or stamp the checks "for deposit only" upon receipt. A receipt log would be recommended to be put into use.
4. Dual signatures on all checks (currently in use);
5. Commission member (other than the signer of the checks) reviews, and signifies approval by signing and dating, monthly bank reconciliations (this can be done at the monthly meetings)(currently in use);
6. City Commissioners provide prior written approval(s) for all investments, contracts, and major expenditures which shall be noted into the minutes (currently in use).

City's Response:

The City will continue with the noted recommendations as stated above with the accountant as the independent contractor to review deposits and receipts and prepare monthly bank reconciliations to satisfy this deficiency.

Auditor's Response:

The City concurs with the finding. Therefore the finding stands

OTHER MATTERS - None

CITY OF GOSHEN, KENTUCKY

AUDITED FINANCIAL STATEMENTS

For Year Ended June 30, 2023

CITY OF GOSHEN, KENTUCKY

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT WIDE STATEMENTS:	
Statement of Net Position	6
Statement of Activities	7
FUND FINANCIAL STATEMENTS:	
Balance Sheet	9
Statement of Revenues, Expenditures, and Changes in Fund Balance	10
Notes to Financial Statements	13
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General Fund	21
Budgetary Comparison Schedule - Municipal Road Aid	22
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>	24

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Lisa T Kaleher, CPA

Basic Financial Statements Accompanied by Required Supplementary Information

INDEPENDENT AUDITOR'S REPORT

To the City of Goshen, Kentucky Mayor and Council Members
Goshen, Kentucky 40026

Opinions

I have audited the accompanying financial statements of the governmental activities and major fund of the City of Goshen, KY (the City) as of and for the year ended June 30, 2023, 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 major fund of the City, as of June 30, 2023 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 have conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City of Goshen, KY, 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 these 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, KY'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 opinion. 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 general accepted auditing standards will always detect 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, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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, KY'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, KY'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, budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by 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. I 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 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and my auditor's report thereon. My opinion on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Lisa T Kaleher CPA, Inc

Taylorsville, Kentucky
November 7, 2023

CITY OF GOSHEN, KY
Management's Discussion and Analysis
June 30, 2023

As financial management of the CITY OF GOSHEN, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in our financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Overview of the Financial Statements

The basic 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 (see page 6) presents information on the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities, result in increased net position, which indicate an improved financial position.

The Statement of Activities (see page 7) presents information showing how a government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows.

The general fund statements (see pages 9 and 11) consist of a balance sheet and a statement of revenues and expenditures, respectively. The general fund statements focus on how money flows into and out of the fund. The fund balance at year-end shows what is available for spending in future periods. The reconciliation at the bottom of these statements shows how the general fund statements, the statement of net position, and the statement of activities differ from one another.

The notes beginning on page 14 provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Highlights

The Statement of Net position (see page 6) shows the City has \$413,539 in current assets and \$679,072 in noncurrent assets. Current assets consist of cash, accounts receivables and prepaid insurance. Noncurrent assets consist of capital assets (road costs) net of depreciation. The liabilities of the City are \$23,912, of which is accounts payable, accrued payroll taxes, and lease liabilities. Net position is \$1,068,699, (total assets \$1,092,611 minus total liabilities \$23,912). From year to year, changes in net position are an indicator of the City's financial position. This year there was an increase in net position of \$325,005. Much of this increase was due to acquiring new assets in the amount of \$381,611.

The Statement of Activities (see page 7) shows total general revenues for fiscal year 2023 of the City of Goshen were \$364,319. Tax revenues were 21% of the total revenues. Insurance Premium Tax comprises 66% of the revenues. The remaining revenues comprise of Municipal Road Aid Funds and HB413 funds. Total revenues increased 2% from the prior year.

The combined fund statements (page 9 and 11) show the inflow and outflow of cash receipts and cash expenditures. The decrease in fund balance (page 11) of \$16,467 shows that the City had expenditures over its revenues for the fiscal year. Total revenues were \$654,485. Expenditures and capital outlay totaled \$670,952.

CITY OF GOSHEN, KY
Management's Discussion and Analysis (continued)
June 30, 2023

Significant Events

Two major projects were completed in fiscal year 2022/2023. Pickleball and basketball courts were added to Springmeadow Park. Extensive drainage improvements were completed on Harmony Landing Road.

Budgetary Highlights

The Budgetary Comparison Schedule on page 22 shows a comparison of budgeted revenues and expenditures and actual revenues and expenditures for the General Fund. Actual revenues trailed budgeted revenues by \$49,971. It also shows that budgeted expenses were overspent by \$125,670.

We try to efficiently utilize every dollar of revenue we collect and hope this narrative and the following financial statements demonstrate that fact to the readers of these statements.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City Clerk
City of Goshen, KY
PO Box 112G
Goshen, KY 40026

GOVERNMENT-WIDE STATEMENTS

CITY OF GOSHEN, KENTUCKY
Statement of Net Position
June 30, 2023

	<u>2023</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 275,305
Restricted Cash	55,219
Receivables	80,383
Prepaid Expenses	<u>2,632</u>
Total Current Assets	\$ 413,539
Noncurrent Assets:	
Capital Assets, Net of Depreciation	668,776
Right to Use Assets, Net of Amortization	<u>10,296</u>
Total Noncurrent Assets	\$ 679,072
Total Assets	1,092,611
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 9,139
Accrued Payroll Taxes	4,477
Lease Liability	<u>5,224</u>
Total Current Liabilities	\$ 18,840
Noncurrent Liabilities:	
Lease Liability	<u>5,072</u>
Total Liabilities	\$ 23,912
NET POSITION:	
Net investment in capital assets	668,776
Restricted – Road Fund	61,608
Unrestricted – General Fund	<u>338,315</u>
Total Net Position	<u>\$ 1,068,699</u>

See accompanying notes and independent auditor's report.

CITY OF GOSHEN, KENTUCKY
Statement of Activities
Years Ended June 30, 2023

	Expenses	Operating Grants	Total
GOVERNMENT OPERATIONS:			
General Government	\$ (100,144)	\$ 1,699	\$ (98,455)
Public safety	(32,000)	3,359	(28,641)
Sanitation	(46,313)	-	(46,313)
Public works	(110,884)	18,989	(91,895)
Depreciation & Amortization	<u>(40,139)</u>	<u>266,119</u>	<u>225,980</u>
Totals	\$ (329,480)	\$ 290,166	\$ (39,314)
General Revenues:			
Taxes – Property, levied for general			74,932
Licenses and Permits:			
Insurance premium			243,854
Telecommunications			4,837
Rental license fees			<u>3,600</u>
Total Licenses and Permits			252,291
Other Revenues:			
Stormwater fees			10,727
Fines and other charges			102
Insurance Claim			21,185
Investment Income			<u>5,082</u>
Total General Revenues			\$ 364,319
Change in Net Position			325,005
Net Position – Beginning of year			<u>743,694</u>
Net Position – Ending of year			<u>\$1,068,699</u>

See accompanying notes and independent auditor's report.

FUND FINANCIAL STATEMENTS

CITY OF GOSHEN, KENTUCKY
Balance Sheet – General Fund
June 30, 2023

	Governmental Fund Types		
	General	Municipal Road Fund	<u>Totals</u>
ASSETS			
Current Assets:			
Cash	\$ 275,305	\$ -	\$ 275,305
Cash - Restricted	-	55,219	55,219
Receivables	73,994	-	73,994
Due from General Fund	-	6,389	6,389
Prepaid Expenses	<u>2,632</u>	<u>-</u>	<u>2,632</u>
Total Assets	\$ <u>351,931</u>	\$ <u>61,608</u>	\$ <u>413,539</u>
LIABILITIES:			
Accounts Payable	\$ 2,750	\$ -	\$ 2,750
Due to Municipal Road Fund	6,389	-	6,389
Accrued Expenses	<u>4,477</u>	<u>-</u>	<u>4,477</u>
Total Liabilities	<u>13,616</u>	<u>-</u>	<u>13,616</u>
FUND BALANCE:			
Restricted – Road Fund	-	61,608	61,608
Unassigned – General Fund	<u>338,315</u>	<u>-</u>	<u>338,315</u>
Total Fund Balance	<u>338,315</u>	<u>61,608</u>	<u>399,923</u>
Total Liabilities and Fund Balance	\$ <u>351,931</u>	\$ <u>61,608</u>	\$ <u>413,539</u>

*Reconciliation Of The Balance Sheet
Governmental Funds To The Statement Of Net Position*

<i>Total fund balance per fund financial statements</i>	\$ 399,923
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
<i>Capital net assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.</i>	679,072
<i>Some liabilities, including notes and capital leases, are not due and payable in the current period and therefore are not reported in the fund financial statements</i>	<u>(10,296)</u>
<i>Net position for governmental activities</i>	<u>\$ 1,068,699</u>

See accompanying notes and independent auditor's report.

CITY OF GOSHEN, KENTUCKY

Statements of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2023

	Governmental Fund Types		Total
	General	Municipal Road Fund	
General Revenues:			
Taxes: Property tax, levied for general	\$ 74,932	\$ -	\$ 74,932
License and permits:			
Insurance premium tax	243,854	-	243,854
Franchise tax	4,837	-	4,837
Rental license fees	<u>3,600</u>	<u>-</u>	<u>3,600</u>
Total licenses and permits	252,291	-	252,291
Intergovernmental:			
Grant Income	266,600	-	266,600
KY Appropriation – Contract Police	3,359	-	3,359
Mineral surcharge	1,218	-	1,218
KY Municipal Aid receipts	<u>-</u>	<u>18,989</u>	<u>18,989</u>
Total Intergovernmental	271,177	18,989	290,166
Other Revenues:			
Stormwater fees	10,727	-	10,727
Fines and other charges	102	-	102
Miscellaneous Income	21,185	-	21,185
Investment Income	<u>5,082</u>	<u>-</u>	<u>5,082</u>
Total Other Revenues	<u>37,096</u>	<u>-</u>	<u>37,096</u>
Total Revenues	635,496	18,989	654,485
Expenditures:			
Current			
General government expenses	100,144	-	100,144
Public safety expenses	32,000	-	32,000
Sanitation	46,313	-	46,313
Public work	98,284	12,600	110,884
Capital outlay	<u>381,611</u>	<u>-</u>	<u>381,611</u>
Total Expenditures:	658,352	12,600	670,952
Excess of revenues over (under)			
expenditures before other sources (uses)	(22,856)	6,389	(16,467)
Other Financing Sources (uses)			
Prior Year Accounts Receivable Adj	3,995	-	3,995
Lease Liability	<u>(4,921)</u>	<u>-</u>	<u>(4,921)</u>
Total Other Financing Sources (Uses)	<u>(926)</u>	<u>-</u>	<u>(926)</u>
Beginning Fund Balance	<u>362,097</u>	<u>55,219</u>	<u>417,316</u>
Ending Fund Balance	<u>\$ 338,315</u>	<u>\$ 61,608</u>	<u>\$ 399,923</u>

See accompanying notes and independent auditor's report.

CITY OF GOSHEN, KENTUCKY

Reconciliation of the Governmental Funds' Changes in Fund Balances to the Statement of Activities' Change in Net Position Year Ended June 30, 2023

*Reconciliation Of The Statement Of Revenues, Expenditures,
And Changes In Fund Balances Of Governmental Funds To The
Statement Of Activities*

Net change in total fund balances per fund financial statements \$ (16,467)

*Amounts reported for governmental activities in the statement of activities are
different because of the following:*

*Capital outlays are reported as expenditures in this fund financial statement
because they use current financial resources, but they are presented as assets
in the statement of activities and depreciated over their estimated economic
lives.*

381,611

Depreciation

(35,218)

Amortization

(4,921)

Change in net position of governmental activities

\$ 325,005

See accompanying notes and independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Goshen, KY 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.

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.

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.

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.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Net Position / Fund Balances

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:

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 Fund's Balance Sheets, 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.

Unassigned – Amounts that are not restricted.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position / Fund Balances (continued)

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.

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 has restricted net assets 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 American Rescue Plan Act, whose funds were received in the prior year and spent during the current 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.

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% per month is assessed.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The City provides vacation-pay benefits to its City Clerk. The financial Statements include a liability for unused benefits totaling \$1,625.

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, but not in the Governmental Funds' Balance Sheets. The City has established a threshold of \$1,000 for an expenditure to be considered as a possible capital asset.

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, 2023, 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, 2023 was \$35,218. Depreciation is recorded in the Statement of Activities but not in the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances. On the Statement of Activities, all of the \$35,218 depreciation expense is reported separately.

Recently Issued Accounting Pronouncements

In June 2017, GASB issued Statement No. 87, *Leases*. This pronouncement increases the usefulness of governments financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement is effective for the year ending June 30, 2023.

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, 2023, the carrying amounts of the City's deposits were \$330,524 and the bank balances totaled \$337,205.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

2. CASH DEPOSITS (continued)

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 of its agent in the City's name

Category 2 - Deposits that are collateralized with securities by the pledging financial institution's trust department or agent in the City's name

Category 3 - Deposits not collateralized or insured

	Category 1	Category 2	Category 3	Bank Balance
Cash deposits 2023	\$ -	\$ 250,000	\$ 80,524	\$ 337,205

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>
Restricted Certificate of Deposit	\$ 55,219	0.15%	December 16, 2023
Certificate of Deposit	900		
Certificate of Deposit	257,384	2.25%	December 16, 2023

4. RECEIVABLES

The components of amounts owed the City at June 30, 2023 are as follows:

	General Fund Balance Sheet	Road Fund Balance Sheet	Statement of Net Position
Insurance premiums tax	\$ 66,637	\$ -	\$ 66,637
Fines	4,778	-	4,778
KY HB 413	1,658	-	1,658
Other	921	-	921
TOTALS	<u>\$ 73,994</u>	<u>\$ -</u>	<u>\$ 73,994</u>

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

5. CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

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

COST	06/30/2022 <u>Beginning</u>	<u>Increase</u>	<u>Decrease</u>	6/30/2023 <u>Ending</u>
Land	\$ 152,929	\$ -	\$ -	\$ 152,929
Drainage	237,029	220,966	-	457,995
Roads	199,586	-	-	199,586
Improvements	72,009	160,645	-	232,654
Equipment, other than office	43,836	-	-	43,836
Office Equipment	<u>2,585</u>	<u>-</u>	<u>-</u>	<u>2,585</u>
TOTAL COST	\$ 707,974	\$ 381,611	\$ -	\$ 1,089,585
Less:				
Accumulated Depreciation	<u>(385,591)</u>	<u>(35,218)</u>	<u>-</u>	<u>(420,809)</u>
NET CAPITAL ASSETS	<u>\$ 322,383</u>	<u>\$ 346,393</u>	<u>\$ -</u>	<u>\$ 668,776</u>

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 in the prior year. 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.

During the year ended June 30, 2023, the City received \$18,989 from the state of Kentucky for its road grant; \$3,359 from the state of Kentucky for its police protection grant (HB 413); and \$266,119 from the Federal government's American Rescue Plan Act used 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 APRA 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, 2023, the City had spent and documented the qualifying expenditures for the \$266,119 received from ARPA, and, consequently, that total amount is shown on statement of Net Position Governmental Funds' Balance Sheets as grant revenue (deferred from the year before).

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 a loss has occurred and the amount of the loss can be reasonably estimated.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

7. RISK MANAGEMENT (continued)

The City Attorney estimates that the amount of actual or potential insurance claims against the City as of June 30, 2023 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, 2023 or as of this report.

8. LEASE LIABILITY

The City leases office and storage space. The lease is for a three-year term beginning June 1, 2023 and ending May 31, 2025. The lease requires monthly amount of lease expense is \$475 (Office space \$375 and storage space \$100). 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, 2023 was \$5,700.

Future lease expenses at June 30, 2023 were as follows:

June 30, 2024	\$5,224
June 30, 2025	\$5,072

9. COMMITMENTS

The City had the following contractual commitments at June 30, 2023:

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, 2023 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. Work is complete.

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.

10. CONTINGENCIES

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

11. SUBSEQUENT EVENTS

The City has evaluated subsequent events through November 7, 2023, the date of this report, and there are no material subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GOSHEN, KENTUCKY
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2023

	Original Budget	Final	Actual	Variance Favorable (Unfavorable)
General Revenues:				
Property Taxes	\$ 75,000	\$ 75,068	\$ 74,932	\$ (136)
Interest Income	850	850	5,082	4,232
KY Appropriation -Contract Police	4,300	4,300	3,359	(941)
Litter abatement grant	500	481	481	-
Other Income	<u>242,700</u>	<u>604,768</u>	<u>551,642</u>	<u>(53,126)</u>
Total General Revenues	\$ 323,350	\$ 685,467	\$ 635,496	\$ (49,971)
Expenditures:				
General government expenses	110,600	102,551	100,144	2,407
Public safety expenses	30,000	30,000	32,000	(2,000)
Sanitation expenses	50,700	46,130	46,313	(183)
Public works expenses	132,050	133,085	98,284	34,801
Capital Outlay	<u>-</u>	<u>220,966</u>	<u>381,611</u>	<u>(160,645)</u>
Total Expenditures	\$ 323,350	\$ 532,732	\$ 658,352	\$ (125,620)
Excess of revenues over (under) expenditures	-	152,735	(22,856)	(175,591)
Other Financing Sources (Uses)				
Prior Year Accounts Receivable adj	-	-	3,995	3,995
Lease Liability	<u>-</u>	<u>-</u>	<u>(4,921)</u>	<u>(4,921)</u>
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (926)	\$ (926)
 Budgetary fund balance, July 1, 2022	 \$ 362,097	 \$ 362,097	 \$ 362,097	 \$ -
Budgetary fund balance, June 30, 2023	<u>\$ 362,097</u>	<u>\$ 514,832</u>	<u>\$ 338,315</u>	<u>\$ (176,517)</u>

CITY OF GOSHEN, KENTUCKY
Budgetary Comparison Schedule – Municipal Road Aid

	Original Budget	Final	Actual	Variance Favorable (Unfavorable)
Current Year Resources:				
Kentucky Municipal Aid revenue	\$ 17,250	17,250	\$ 18,989	\$ 1,739
Interest Income	-	-	-	-
Total Current Year Resources	\$ 17,250	\$ 17,250	\$ 18,989	\$ 1,739
Current Year Appropriations:				
Public works expenses	17,250	17,250	12,600	4,650
Total Current Year Appropriations	17,250	17,250	12,600	4,650
Excess of revenues over (under) expenditures	-	-	6,389	6,389
 Budgetary fund balance, July 1, 2022	 55,219	 55,219	 55,219	 \$ -
Budgetary fund balance, June 30, 2023	55,219	55,219	61,608	6,389

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

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 amended during the year ended June 30, 2023.

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.

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Lisa T Kaleher, CPA

**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 City of GOSHEN, Kentucky
Goshen, Kentucky 40026

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 of the City of Goshen, KY as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the city of Goshen, Ky's basic financial statements, and have issued my report thereon dated November 7, 2023.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered city of Goshen, Ky'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, KY's internal control. Accordingly, I do not express an opinion on the effectiveness of the city of Goshen, KY'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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 weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that are not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings that I consider to be significant deficiency. See reference numbers 2023-1 through 2023-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Goshen, KY's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Goshen, KY Response to Findings

City of Goshen, KY's response to the findings identified in my audit is described in the accompanying schedule of finding and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

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 entity's internal control or on

compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lisa T Kaleher CPA, Inc

Taylorsville, Kentucky
November 7, 2023

**CITY OF GOSHEN, KY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023**

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Goshen for the fiscal year ended June 30, 2023.
2. Two significant deficiencies in internal control were disclosed during the audit.

FINDINGS AND RESPONSES

INTERNAL CONTROLS – MATERIAL WEAKNESSES - None

**INTERNAL CONTROLS – SIGNIFICANT DEFICIENCIES
2023-001 Financial Statement Preparation**

Criteria:

A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition:

As a result of new highly specialized and complex requirements placed upon auditors under SAS 115 (Statements on Auditing Standards), personnel lacks qualifications and training to apply generally accepted accounting principles in recording the entity's financial transactions and in preparing their financial statements. This internal control deficiency is not intended to comment in a negative manner the ability and integrity of City personnel but to simply highlight issues in the preparation of GAGAS financial statements that are highly specialized and complex.

Cause:

The City does not currently staff personnel trained to prepare financial statements in accordance with Accounting Principles Generally Accepted in the United State of America.

Effect:

Year end adjustments were needed to go from Fund Financial statements to Government Wide statements in order to prepare financial statements per Generally Accepted Accounting Principles.

Recommendation:

Continue to seek professional help when applying unfamiliar accounting principles.

City's Response:

The City will seek trained and qualified professionals for assistance.

Auditor's Response:

The City concurs with the finding. Therefore the finding stands.

**CITY OF GOSHEN, KY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023**

SCHEDULE OF FINDINGS AND RESPONSES (continued)

INTERNAL CONTROL – SIGNIFICANT DEFICIENCIES

2023-002 Segregation of Duties

Criteria:

Proper internal control procedures require that there be an adequate segregation of duties to ensure the proper safeguard of assets.

Condition:

There is inadequate segregation of duties on the design deficiency due to a small office. Reporting of the receipts and recording of the disbursements, is done by the same person.

Cause:

The City does not have the staffing to ensure that adequate internal controls are in place to safeguard against the misappropriation of cash.

Effect:

Due to the limited number of the City's staff, there exists an absence of appropriate segregation of duties consistent with appropriate control objectives. The duties of receiving and disbursing funds, and recording transactions are not separated, which could lead to the possibility of the misappropriation of funds.

Recommendation:

We recommend that the City review its internal control procedures to ensure that at a minimum they include and continue to implement the following:

1. Adequate bonding insurance coverage for everyone handling funds (currently in use);
2. Direct Deposit of funds where it can be utilized;
3. Have someone other than the Treasurer retrieve and open the mail; endorse or stamp the checks "for deposit only" upon receipt. A receipt log would be recommended to be put into use.
4. Dual signatures on all checks (currently in use);
5. Commission member (other than the signer of the checks) reviews, and signifies approval by signing and dating, monthly bank reconciliations (this can be done at the monthly meetings)(currently in use);
6. City Commissioners provide prior written approval(s) for all investments, contracts, and major expenditures which shall be noted into the minutes (currently in use).

City's Response:

The City will continue with the noted recommendations as stated above with the accountant as the independent contractor to review deposits and receipts and prepare monthly bank reconciliations to satisfy this deficiency.

Auditor's Response:

The City concurs with the finding. Therefore the finding stands

OTHER MATTERS - None

CITY OF GOSHEN, KENTUCKY

AUDITED FINANCIAL STATEMENTS

For Year Ended June 30, 2023

CITY OF GOSHEN, KENTUCKY

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT WIDE STATEMENTS:	
Statement of Net Position	6
Statement of Activities	7
FUND FINANCIAL STATEMENTS:	
Balance Sheet	9
Statement of Revenues, Expenditures, and Changes in Fund Balance	10
Notes to Financial Statements	13
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General Fund	21
Budgetary Comparison Schedule - Municipal Road Aid	22
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>	24

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Taylorsville, Kentucky 40071
(502) 477-2591 Fax (502) 477-5665

Lisa T Kaleher, CPA

Basic Financial Statements Accompanied by Required Supplementary Information

INDEPENDENT AUDITOR'S REPORT

To the City of Goshen, Kentucky Mayor and Council Members
Goshen, Kentucky 40026

Opinions

I have audited the accompanying financial statements of the governmental activities and major fund of the City of Goshen, KY (the City) as of and for the year ended June 30, 2023, 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 major fund of the City, as of June 30, 2023 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 have conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City of Goshen, KY, 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 these 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, KY'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 opinion. 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 general accepted auditing standards will always detect 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, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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, KY'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, KY'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, budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by 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. I 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 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and my auditor's report thereon. My opinion on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Lisa T Kaleher CPA, Inc

Taylorsville, Kentucky
November 7, 2023

CITY OF GOSHEN, KY
Management's Discussion and Analysis
June 30, 2023

As financial management of the CITY OF GOSHEN, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in our financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Overview of the Financial Statements

The basic 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 (see page 6) presents information on the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities, result in increased net position, which indicate an improved financial position.

The Statement of Activities (see page 7) presents information showing how a government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows.

The general fund statements (see pages 9 and 11) consist of a balance sheet and a statement of revenues and expenditures, respectively. The general fund statements focus on how money flows into and out of the fund. The fund balance at year-end shows what is available for spending in future periods. The reconciliation at the bottom of these statements shows how the general fund statements, the statement of net position, and the statement of activities differ from one another.

The notes beginning on page 14 provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Highlights

The Statement of Net position (see page 6) shows the City has \$413,539 in current assets and \$679,072 in noncurrent assets. Current assets consist of cash, accounts receivables and prepaid insurance. Noncurrent assets consist of capital assets (road costs) net of depreciation. The liabilities of the City are \$23,912, of which is accounts payable, accrued payroll taxes, and lease liabilities. Net position is \$1,068,699, (total assets \$1,092,611 minus total liabilities \$23,912). From year to year, changes in net position are an indicator of the City's financial position. This year there was an increase in net position of \$325,005. Much of this increase was due to acquiring new assets in the amount of \$381,611.

The Statement of Activities (see page 7) shows total general revenues for fiscal year 2023 of the City of Goshen were \$364,319. Tax revenues were 21% of the total revenues. Insurance Premium Tax comprises 66% of the revenues. The remaining revenues comprise of Municipal Road Aid Funds and HB413 funds. Total revenues increased 2% from the prior year.

The combined fund statements (page 9 and 11) show the inflow and outflow of cash receipts and cash expenditures. The decrease in fund balance (page 11) of \$16,467 shows that the City had expenditures over its revenues for the fiscal year. Total revenues were \$654,485. Expenditures and capital outlay totaled \$670,952.

CITY OF GOSHEN, KY
Management's Discussion and Analysis (continued)
June 30, 2023

Significant Events

Two major projects were completed in fiscal year 2022/2023. Pickleball and basketball courts were added to Springmeadow Park. Extensive drainage improvements were completed on Harmony Landing Road.

Budgetary Highlights

The Budgetary Comparison Schedule on page 22 shows a comparison of budgeted revenues and expenditures and actual revenues and expenditures for the General Fund. Actual revenues trailed budgeted revenues by \$49,971. It also shows that budgeted expenses were overspent by \$125,670.

We try to efficiently utilize every dollar of revenue we collect and hope this narrative and the following financial statements demonstrate that fact to the readers of these statements.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City Clerk
City of Goshen, KY
PO Box 112G
Goshen, KY 40026

GOVERNMENT-WIDE STATEMENTS

CITY OF GOSHEN, KENTUCKY
Statement of Net Position
June 30, 2023

	<u>2023</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 275,305
Restricted Cash	55,219
Receivables	80,383
Prepaid Expenses	<u>2,632</u>
Total Current Assets	\$ 413,539
Noncurrent Assets:	
Capital Assets, Net of Depreciation	668,776
Right to Use Assets, Net of Amortization	<u>10,296</u>
Total Noncurrent Assets	\$ 679,072
Total Assets	1,092,611
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 9,139
Accrued Payroll Taxes	4,477
Lease Liability	<u>5,224</u>
Total Current Liabilities	\$ 18,840
Noncurrent Liabilities:	
Lease Liability	<u>5,072</u>
Total Liabilities	\$ 23,912
NET POSITION:	
Net investment in capital assets	668,776
Restricted – Road Fund	61,608
Unrestricted – General Fund	<u>338,315</u>
Total Net Position	<u>\$ 1,068,699</u>

See accompanying notes and independent auditor's report.

CITY OF GOSHEN, KENTUCKY
Statement of Activities
Years Ended June 30, 2023

	Expenses	Operating Grants	Total
GOVERNMENT OPERATIONS:			
General Government	\$ (100,144)	\$ 1,699	\$ (98,455)
Public safety	(32,000)	3,359	(28,641)
Sanitation	(46,313)	-	(46,313)
Public works	(110,884)	18,989	(91,895)
Depreciation & Amortization	<u>(40,139)</u>	<u>266,119</u>	<u>225,980</u>
Totals	\$ (329,480)	\$ 290,166	\$ (39,314)
General Revenues:			
Taxes – Property, levied for general			74,932
Licenses and Permits:			
Insurance premium			243,854
Telecommunications			4,837
Rental license fees			<u>3,600</u>
Total Licenses and Permits			252,291
Other Revenues:			
Stormwater fees			10,727
Fines and other charges			102
Insurance Claim			21,185
Investment Income			<u>5,082</u>
Total General Revenues			\$ 364,319
Change in Net Position			325,005
Net Position – Beginning of year			<u>743,694</u>
Net Position – Ending of year			<u>\$1,068,699</u>

See accompanying notes and independent auditor's report.

FUND FINANCIAL STATEMENTS

CITY OF GOSHEN, KENTUCKY
Balance Sheet – General Fund
June 30, 2023

	Governmental Fund Types		
	General	Municipal Road Fund	<u>Totals</u>
ASSETS			
Current Assets:			
Cash	\$ 275,305	\$ -	\$ 275,305
Cash - Restricted	-	55,219	55,219
Receivables	73,994	-	73,994
Due from General Fund	-	6,389	6,389
Prepaid Expenses	<u>2,632</u>	<u>-</u>	<u>2,632</u>
Total Assets	\$ <u>351,931</u>	\$ <u>61,608</u>	\$ <u>413,539</u>
LIABILITIES:			
Accounts Payable	\$ 2,750	\$ -	\$ 2,750
Due to Municipal Road Fund	6,389	-	6,389
Accrued Expenses	<u>4,477</u>	<u>-</u>	<u>4,477</u>
Total Liabilities	<u>13,616</u>	<u>-</u>	<u>13,616</u>
FUND BALANCE:			
Restricted – Road Fund	-	61,608	61,608
Unassigned – General Fund	<u>338,315</u>	<u>-</u>	<u>338,315</u>
Total Fund Balance	<u>338,315</u>	<u>61,608</u>	<u>399,923</u>
Total Liabilities and Fund Balance	\$ <u>351,931</u>	\$ <u>61,608</u>	\$ <u>413,539</u>

*Reconciliation Of The Balance Sheet
Governmental Funds To The Statement Of Net Position*

<i>Total fund balance per fund financial statements</i>	\$ 399,923
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
<i>Capital net assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.</i>	679,072
<i>Some liabilities, including notes and capital leases, are not due and payable in the current period and therefore are not reported in the fund financial statements</i>	<u>(10,296)</u>
<i>Net position for governmental activities</i>	<u>\$ 1,068,699</u>

See accompanying notes and independent auditor's report.

CITY OF GOSHEN, KENTUCKY

Statements of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2023

	Governmental Fund Types		Total
	General	Municipal Road Fund	
General Revenues:			
Taxes: Property tax, levied for general	\$ 74,932	\$ -	\$ 74,932
License and permits:			
Insurance premium tax	243,854	-	243,854
Franchise tax	4,837	-	4,837
Rental license fees	<u>3,600</u>	<u>-</u>	<u>3,600</u>
Total licenses and permits	252,291	-	252,291
Intergovernmental:			
Grant Income	266,600	-	266,600
KY Appropriation – Contract Police	3,359	-	3,359
Mineral surcharge	1,218	-	1,218
KY Municipal Aid receipts	<u>-</u>	<u>18,989</u>	<u>18,989</u>
Total Intergovernmental	271,177	18,989	290,166
Other Revenues:			
Stormwater fees	10,727	-	10,727
Fines and other charges	102	-	102
Miscellaneous Income	21,185	-	21,185
Investment Income	<u>5,082</u>	<u>-</u>	<u>5,082</u>
Total Other Revenues	<u>37,096</u>	<u>-</u>	<u>37,096</u>
Total Revenues	635,496	18,989	654,485
Expenditures:			
Current			
General government expenses	100,144	-	100,144
Public safety expenses	32,000	-	32,000
Sanitation	46,313	-	46,313
Public work	98,284	12,600	110,884
Capital outlay	<u>381,611</u>	<u>-</u>	<u>381,611</u>
Total Expenditures:	658,352	12,600	670,952
Excess of revenues over (under)			
expenditures before other sources (uses)	(22,856)	6,389	(16,467)
Other Financing Sources (uses)			
Prior Year Accounts Receivable Adj	3,995	-	3,995
Lease Liability	<u>(4,921)</u>	<u>-</u>	<u>(4,921)</u>
Total Other Financing Sources (Uses)	<u>(926)</u>	<u>-</u>	<u>(926)</u>
Beginning Fund Balance	<u>362,097</u>	<u>55,219</u>	<u>417,316</u>
Ending Fund Balance	\$ 338,315	\$ 61,608	\$ 399,923

See accompanying notes and independent auditor's report.

CITY OF GOSHEN, KENTUCKY

Reconciliation of the Governmental Funds' Changes in Fund Balances to the Statement of Activities' Change in Net Position Year Ended June 30, 2023

*Reconciliation Of The Statement Of Revenues, Expenditures,
And Changes In Fund Balances Of Governmental Funds To The
Statement Of Activities*

Net change in total fund balances per fund financial statements \$ (16,467)

*Amounts reported for governmental activities in the statement of activities are
different because of the following:*

*Capital outlays are reported as expenditures in this fund financial statement
because they use current financial resources, but they are presented as assets
in the statement of activities and depreciated over their estimated economic
lives.*

381,611

Depreciation

(35,218)

Amortization

(4,921)

Change in net position of governmental activities

\$ 325,005

See accompanying notes and independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Goshen, KY 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.

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.

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.

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.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Net Position / Fund Balances

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:

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 Fund's Balance Sheets, 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.

Unassigned – Amounts that are not restricted.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position / Fund Balances (continued)

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.

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 has restricted net assets 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 American Rescue Plan Act, whose funds were received in the prior year and spent during the current 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.

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% per month is assessed.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The City provides vacation-pay benefits to its City Clerk. The financial Statements include a liability for unused benefits totaling \$1,625.

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, but not in the Governmental Funds' Balance Sheets. The City has established a threshold of \$1,000 for an expenditure to be considered as a possible capital asset.

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, 2023, 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, 2023 was \$35,218. Depreciation is recorded in the Statement of Activities but not in the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances. On the Statement of Activities, all of the \$35,218 depreciation expense is reported separately.

Recently Issued Accounting Pronouncements

In June 2017, GASB issued Statement No. 87, *Leases*. This pronouncement increases the usefulness of governments financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement is effective for the year ending June 30, 2023.

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, 2023, the carrying amounts of the City's deposits were \$330,524 and the bank balances totaled \$337,205.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

2. CASH DEPOSITS (continued)

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 of its agent in the City's name

Category 2 - Deposits that are collateralized with securities by the pledging financial institution's trust department or agent in the City's name

Category 3 - Deposits not collateralized or insured

	Category 1	Category 2	Category 3	Bank Balance
Cash deposits 2023	\$ -	\$ 250,000	\$ 80,524	\$ 337,205

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>
Restricted Certificate of Deposit	\$ 55,219	0.15%	December 16, 2023
Certificate of Deposit	900		
Certificate of Deposit	257,384	2.25%	December 16, 2023

4. RECEIVABLES

The components of amounts owed the City at June 30, 2023 are as follows:

	General Fund Balance Sheet	Road Fund Balance Sheet	Statement of Net Position
Insurance premiums tax	\$ 66,637	\$ -	\$ 66,637
Fines	4,778	-	4,778
KY HB 413	1,658	-	1,658
Other	921	-	921
TOTALS	<u>\$ 73,994</u>	<u>\$ -</u>	<u>\$ 73,994</u>

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

5. CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

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

COST	06/30/2022 <u>Beginning</u>	<u>Increase</u>	<u>Decrease</u>	6/30/2023 <u>Ending</u>
Land	\$ 152,929	\$ -	\$ -	\$ 152,929
Drainage	237,029	220,966	-	457,995
Roads	199,586	-	-	199,586
Improvements	72,009	160,645	-	232,654
Equipment, other than office	43,836	-	-	43,836
Office Equipment	<u>2,585</u>	<u>-</u>	<u>-</u>	<u>2,585</u>
TOTAL COST	\$ 707,974	\$ 381,611	\$ -	\$ 1,089,585
Less:				
Accumulated Depreciation	<u>(385,591)</u>	<u>(35,218)</u>	<u>-</u>	<u>(420,809)</u>
NET CAPITAL ASSETS	\$ <u>322,383</u>	\$ <u>346,393</u>	\$ <u>-</u>	\$ <u>668,776</u>

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 in the prior year. 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.

During the year ended June 30, 2023, the City received \$18,989 from the state of Kentucky for its road grant; \$3,359 from the state of Kentucky for its police protection grant (HB 413); and \$266,119 from the Federal government's American Rescue Plan Act used 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 APRA 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, 2023, the City had spent and documented the qualifying expenditures for the \$266,119 received from ARPA, and, consequently, that total amount is shown on statement of Net Position Governmental Funds' Balance Sheets as grant revenue (deferred from the year before).

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 a loss has occurred and the amount of the loss can be reasonably estimated.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

7. RISK MANAGEMENT (continued)

The City Attorney estimates that the amount of actual or potential insurance claims against the City as of June 30, 2023 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, 2023 or as of this report.

8. LEASE LIABILITY

The City leases office and storage space. The lease is for a three-year term beginning June 1, 2023 and ending May 31, 2025. The lease requires monthly amount of lease expense is \$475 (Office space \$375 and storage space \$100). 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, 2023 was \$5,700.

Future lease expenses at June 30, 2023 were as follows:

June 30, 2024	\$5,224
June 30, 2025	\$5,072

9. COMMITMENTS

The City had the following contractual commitments at June 30, 2023:

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, 2023 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. Work is complete.

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.

10. CONTINGENCIES

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

11. SUBSEQUENT EVENTS

The City has evaluated subsequent events through November 7, 2023, the date of this report, and there are no material subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GOSHEN, KENTUCKY
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2023

	Original Budget	Final	Actual	Variance Favorable (Unfavorable)
General Revenues:				
Property Taxes	\$ 75,000	\$ 75,068	\$ 74,932	\$ (136)
Interest Income	850	850	5,082	4,232
KY Appropriation -Contract Police	4,300	4,300	3,359	(941)
Litter abatement grant	500	481	481	-
Other Income	<u>242,700</u>	<u>604,768</u>	<u>551,642</u>	<u>(53,126)</u>
Total General Revenues	\$ 323,350	\$ 685,467	\$ 635,496	\$ (49,971)
Expenditures:				
General government expenses	110,600	102,551	100,144	2,407
Public safety expenses	30,000	30,000	32,000	(2,000)
Sanitation expenses	50,700	46,130	46,313	(183)
Public works expenses	132,050	133,085	98,284	34,801
Capital Outlay	<u>-</u>	<u>220,966</u>	<u>381,611</u>	<u>(160,645)</u>
Total Expenditures	\$ 323,350	\$ 532,732	\$ 658,352	\$ (125,620)
Excess of revenues over (under) expenditures	-	152,735	(22,856)	(175,591)
Other Financing Sources (Uses)				
Prior Year Accounts Receivable adj	-	-	3,995	3,995
Lease Liability	<u>-</u>	<u>-</u>	<u>(4,921)</u>	<u>(4,921)</u>
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (926)	\$ (926)
 Budgetary fund balance, July 1, 2022	 \$ 362,097	 \$ 362,097	 \$ 362,097	 \$ -
Budgetary fund balance, June 30, 2023	<u>\$ 362,097</u>	<u>\$ 514,832</u>	<u>\$ 338,315</u>	<u>\$ (176,517)</u>

CITY OF GOSHEN, KENTUCKY
Budgetary Comparison Schedule – Municipal Road Aid

	Original Budget	Final	Actual	Variance Favorable (Unfavorable)
Current Year Resources:				
Kentucky Municipal Aid revenue	\$ 17,250	17,250	\$ 18,989	\$ 1,739
Interest Income	-	-	-	-
Total Current Year Resources	\$ 17,250	\$ 17,250	\$ 18,989	\$ 1,739
Current Year Appropriations:				
Public works expenses	17,250	17,250	12,600	4,650
Total Current Year Appropriations	17,250	17,250	12,600	4,650
Excess of revenues over (under) expenditures	-	-	6,389	6,389
 Budgetary fund balance, July 1, 2022	<u>55,219</u>	<u>55,219</u>	<u>55,219</u>	\$ -
Budgetary fund balance, June 30, 2023	<u>55,219</u>	<u>55,219</u>	<u>61,608</u>	<u>6,389</u>

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

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 amended during the year ended June 30, 2023.

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.

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

To the City of GOSHEN, Kentucky
Goshen, Kentucky 40026

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 of the City of Goshen, KY as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the city of Goshen, Ky's basic financial statements, and have issued my report thereon dated November 7, 2023.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered city of Goshen, Ky'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, KY's internal control. Accordingly, I do not express an opinion on the effectiveness of the city of Goshen, KY'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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 weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that are not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings that I consider to be significant deficiency. See reference numbers 2023-1 through 2023-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Goshen, KY's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Goshen, KY Response to Findings

City of Goshen, KY's response to the findings identified in my audit is described in the accompanying schedule of finding and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

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 entity's internal control or on

compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lisa T Kaleher CPA, Inc

Taylorsville, Kentucky
November 7, 2023

**CITY OF GOSHEN, KY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023**

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Goshen for the fiscal year ended June 30, 2023.
2. Two significant deficiencies in internal control were disclosed during the audit.

FINDINGS AND RESPONSES

INTERNAL CONTROLS – MATERIAL WEAKNESSES - None

**INTERNAL CONTROLS – SIGNIFICANT DEFICIENCIES
2023-001 Financial Statement Preparation**

Criteria:

A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition:

As a result of new highly specialized and complex requirements placed upon auditors under SAS 115 (Statements on Auditing Standards), personnel lacks qualifications and training to apply generally accepted accounting principles in recording the entity's financial transactions and in preparing their financial statements. This internal control deficiency is not intended to comment in a negative manner the ability and integrity of City personnel but to simply highlight issues in the preparation of GAGAS financial statements that are highly specialized and complex.

Cause:

The City does not currently staff personnel trained to prepare financial statements in accordance with Accounting Principles Generally Accepted in the United State of America.

Effect:

Year end adjustments were needed to go from Fund Financial statements to Government Wide statements in order to prepare financial statements per Generally Accepted Accounting Principles.

Recommendation:

Continue to seek professional help when applying unfamiliar accounting principles.

City's Response:

The City will seek trained and qualified professionals for assistance.

Auditor's Response:

The City concurs with the finding. Therefore the finding stands.

**CITY OF GOSHEN, KY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023**

SCHEDULE OF FINDINGS AND RESPONSES (continued)

INTERNAL CONTROL – SIGNIFICANT DEFICIENCIES

2023-002 Segregation of Duties

Criteria:

Proper internal control procedures require that there be an adequate segregation of duties to ensure the proper safeguard of assets.

Condition:

There is inadequate segregation of duties on the design deficiency due to a small office. Reporting of the receipts and recording of the disbursements, is done by the same person.

Cause:

The City does not have the staffing to ensure that adequate internal controls are in place to safeguard against the misappropriation of cash.

Effect:

Due to the limited number of the City's staff, there exists an absence of appropriate segregation of duties consistent with appropriate control objectives. The duties of receiving and disbursing funds, and recording transactions are not separated, which could lead to the possibility of the misappropriation of funds.

Recommendation:

We recommend that the City review its internal control procedures to ensure that at a minimum they include and continue to implement the following:

1. Adequate bonding insurance coverage for everyone handling funds (currently in use);
2. Direct Deposit of funds where it can be utilized;
3. Have someone other than the Treasurer retrieve and open the mail; endorse or stamp the checks "for deposit only" upon receipt. A receipt log would be recommended to be put into use.
4. Dual signatures on all checks (currently in use);
5. Commission member (other than the signer of the checks) reviews, and signifies approval by signing and dating, monthly bank reconciliations (this can be done at the monthly meetings)(currently in use);
6. City Commissioners provide prior written approval(s) for all investments, contracts, and major expenditures which shall be noted into the minutes (currently in use).

City's Response:

The City will continue with the noted recommendations as stated above with the accountant as the independent contractor to review deposits and receipts and prepare monthly bank reconciliations to satisfy this deficiency.

Auditor's Response:

The City concurs with the finding. Therefore the finding stands

OTHER MATTERS - None

CITY OF GOSHEN, KENTUCKY

AUDITED FINANCIAL STATEMENTS

For Year Ended June 30, 2023

CITY OF GOSHEN, KENTUCKY

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT WIDE STATEMENTS:	
Statement of Net Position	6
Statement of Activities	7
FUND FINANCIAL STATEMENTS:	
Balance Sheet	9
Statement of Revenues, Expenditures, and Changes in Fund Balance	10
Notes to Financial Statements	13
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General Fund	21
Budgetary Comparison Schedule - Municipal Road Aid	22
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>	24

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Basic Financial Statements Accompanied by Required Supplementary Information

INDEPENDENT AUDITOR'S REPORT

To the City of Goshen, Kentucky Mayor and Council Members
Goshen, Kentucky 40026

Opinions

I have audited the accompanying financial statements of the governmental activities and major fund of the City of Goshen, KY (the City) as of and for the year ended June 30, 2023, 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 major fund of the City, as of June 30, 2023 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 have conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City of Goshen, KY, 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 these 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, KY'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 opinion. 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 general accepted auditing standards will always detect 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, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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, KY'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, KY'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, budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by 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. I 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 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and my auditor's report thereon. My opinion on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Lisa T Kaleher CPA, Inc

Taylorsville, Kentucky
November 7, 2023

CITY OF GOSHEN, KY
Management's Discussion and Analysis
June 30, 2023

As financial management of the CITY OF GOSHEN, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in our financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Overview of the Financial Statements

The basic 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 (see page 6) presents information on the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities, result in increased net position, which indicate an improved financial position.

The Statement of Activities (see page 7) presents information showing how a government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows.

The general fund statements (see pages 9 and 11) consist of a balance sheet and a statement of revenues and expenditures, respectively. The general fund statements focus on how money flows into and out of the fund. The fund balance at year-end shows what is available for spending in future periods. The reconciliation at the bottom of these statements shows how the general fund statements, the statement of net position, and the statement of activities differ from one another.

The notes beginning on page 14 provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Highlights

The Statement of Net position (see page 6) shows the City has \$413,539 in current assets and \$679,072 in noncurrent assets. Current assets consist of cash, accounts receivables and prepaid insurance. Noncurrent assets consist of capital assets (road costs) net of depreciation. The liabilities of the City are \$23,912, of which is accounts payable, accrued payroll taxes, and lease liabilities. Net position is \$1,068,699, (total assets \$1,092,611 minus total liabilities \$23,912). From year to year, changes in net position are an indicator of the City's financial position. This year there was an increase in net position of \$325,005. Much of this increase was due to acquiring new assets in the amount of \$381,611.

The Statement of Activities (see page 7) shows total general revenues for fiscal year 2023 of the City of Goshen were \$364,319. Tax revenues were 21% of the total revenues. Insurance Premium Tax comprises 66% of the revenues. The remaining revenues comprise of Municipal Road Aid Funds and HB413 funds. Total revenues increased 2% from the prior year.

The combined fund statements (page 9 and 11) show the inflow and outflow of cash receipts and cash expenditures. The decrease in fund balance (page 11) of \$16,467 shows that the City had expenditures over its revenues for the fiscal year. Total revenues were \$654,485. Expenditures and capital outlay totaled \$670,952.

CITY OF GOSHEN, KY
Management's Discussion and Analysis (continued)
June 30, 2023

Significant Events

Two major projects were completed in fiscal year 2022/2023. Pickleball and basketball courts were added to Springmeadow Park. Extensive drainage improvements were completed on Harmony Landing Road.

Budgetary Highlights

The Budgetary Comparison Schedule on page 22 shows a comparison of budgeted revenues and expenditures and actual revenues and expenditures for the General Fund. Actual revenues trailed budgeted revenues by \$49,971. It also shows that budgeted expenses were overspent by \$125,670.

We try to efficiently utilize every dollar of revenue we collect and hope this narrative and the following financial statements demonstrate that fact to the readers of these statements.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City Clerk
City of Goshen, KY
PO Box 112G
Goshen, KY 40026

GOVERNMENT-WIDE STATEMENTS

CITY OF GOSHEN, KENTUCKY
Statement of Net Position
June 30, 2023

	<u>2023</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 275,305
Restricted Cash	55,219
Receivables	80,383
Prepaid Expenses	<u>2,632</u>
Total Current Assets	\$ 413,539
Noncurrent Assets:	
Capital Assets, Net of Depreciation	668,776
Right to Use Assets, Net of Amortization	<u>10,296</u>
Total Noncurrent Assets	\$ 679,072
Total Assets	1,092,611
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 9,139
Accrued Payroll Taxes	4,477
Lease Liability	<u>5,224</u>
Total Current Liabilities	\$ 18,840
Noncurrent Liabilities:	
Lease Liability	<u>5,072</u>
Total Liabilities	\$ 23,912
NET POSITION:	
Net investment in capital assets	668,776
Restricted – Road Fund	61,608
Unrestricted – General Fund	<u>338,315</u>
Total Net Position	<u>\$ 1,068,699</u>

See accompanying notes and independent auditor's report.

CITY OF GOSHEN, KENTUCKY
Statement of Activities
Years Ended June 30, 2023

	Expenses	Operating Grants	Total
GOVERNMENT OPERATIONS:			
General Government	\$ (100,144)	\$ 1,699	\$ (98,455)
Public safety	(32,000)	3,359	(28,641)
Sanitation	(46,313)	-	(46,313)
Public works	(110,884)	18,989	(91,895)
Depreciation & Amortization	<u>(40,139)</u>	<u>266,119</u>	<u>225,980</u>
Totals	\$ (329,480)	\$ 290,166	\$ (39,314)
General Revenues:			
Taxes – Property, levied for general			74,932
Licenses and Permits:			
Insurance premium			243,854
Telecommunications			4,837
Rental license fees			<u>3,600</u>
Total Licenses and Permits			252,291
Other Revenues:			
Stormwater fees			10,727
Fines and other charges			102
Insurance Claim			21,185
Investment Income			<u>5,082</u>
Total General Revenues			\$ 364,319
Change in Net Position			325,005
Net Position – Beginning of year			<u>743,694</u>
Net Position – Ending of year			<u>\$1,068,699</u>

See accompanying notes and independent auditor's report.

FUND FINANCIAL STATEMENTS

CITY OF GOSHEN, KENTUCKY
Balance Sheet – General Fund
June 30, 2023

	Governmental Fund Types		
	General	Municipal Road Fund	<u>Totals</u>
ASSETS			
Current Assets:			
Cash	\$ 275,305	\$ -	\$ 275,305
Cash - Restricted	-	55,219	55,219
Receivables	73,994	-	73,994
Due from General Fund	-	6,389	6,389
Prepaid Expenses	<u>2,632</u>	<u>-</u>	<u>2,632</u>
Total Assets	\$ <u>351,931</u>	\$ <u>61,608</u>	\$ <u>413,539</u>
LIABILITIES:			
Accounts Payable	\$ 2,750	\$ -	\$ 2,750
Due to Municipal Road Fund	6,389	-	6,389
Accrued Expenses	<u>4,477</u>	<u>-</u>	<u>4,477</u>
Total Liabilities	<u>13,616</u>	<u>-</u>	<u>13,616</u>
FUND BALANCE:			
Restricted – Road Fund	-	61,608	61,608
Unassigned – General Fund	<u>338,315</u>	<u>-</u>	<u>338,315</u>
Total Fund Balance	<u>338,315</u>	<u>61,608</u>	<u>399,923</u>
Total Liabilities and Fund Balance	\$ <u>351,931</u>	\$ <u>61,608</u>	\$ <u>413,539</u>

*Reconciliation Of The Balance Sheet
Governmental Funds To The Statement Of Net Position*

<i>Total fund balance per fund financial statements</i>	\$ 399,923
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
<i>Capital net assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.</i>	679,072
<i>Some liabilities, including notes and capital leases, are not due and payable in the current period and therefore are not reported in the fund financial statements</i>	<u>(10,296)</u>
<i>Net position for governmental activities</i>	<u>\$ 1,068,699</u>

See accompanying notes and independent auditor's report.

CITY OF GOSHEN, KENTUCKY

Statements of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2023

	Governmental Fund Types		Total
	General	Municipal Road Fund	
General Revenues:			
Taxes: Property tax, levied for general	\$ 74,932	\$ -	\$ 74,932
License and permits:			
Insurance premium tax	243,854	-	243,854
Franchise tax	4,837	-	4,837
Rental license fees	<u>3,600</u>	<u>-</u>	<u>3,600</u>
Total licenses and permits	252,291	-	252,291
Intergovernmental:			
Grant Income	266,600	-	266,600
KY Appropriation – Contract Police	3,359	-	3,359
Mineral surcharge	1,218	-	1,218
KY Municipal Aid receipts	<u>-</u>	<u>18,989</u>	<u>18,989</u>
Total Intergovernmental	271,177	18,989	290,166
Other Revenues:			
Stormwater fees	10,727	-	10,727
Fines and other charges	102	-	102
Miscellaneous Income	21,185	-	21,185
Investment Income	<u>5,082</u>	<u>-</u>	<u>5,082</u>
Total Other Revenues	<u>37,096</u>	<u>-</u>	<u>37,096</u>
Total Revenues	635,496	18,989	654,485
Expenditures:			
Current			
General government expenses	100,144	-	100,144
Public safety expenses	32,000	-	32,000
Sanitation	46,313	-	46,313
Public work	98,284	12,600	110,884
Capital outlay	<u>381,611</u>	<u>-</u>	<u>381,611</u>
Total Expenditures:	658,352	12,600	670,952
Excess of revenues over (under)			
expenditures before other sources (uses)	(22,856)	6,389	(16,467)
Other Financing Sources (uses)			
Prior Year Accounts Receivable Adj	3,995	-	3,995
Lease Liability	<u>(4,921)</u>	<u>-</u>	<u>(4,921)</u>
Total Other Financing Sources (Uses)	<u>(926)</u>	<u>-</u>	<u>(926)</u>
Beginning Fund Balance	<u>362,097</u>	<u>55,219</u>	<u>417,316</u>
Ending Fund Balance	<u>\$ 338,315</u>	<u>\$ 61,608</u>	<u>\$ 399,923</u>

See accompanying notes and independent auditor's report.

CITY OF GOSHEN, KENTUCKY

Reconciliation of the Governmental Funds' Changes in Fund Balances to the Statement of Activities' Change in Net Position Year Ended June 30, 2023

*Reconciliation Of The Statement Of Revenues, Expenditures,
And Changes In Fund Balances Of Governmental Funds To The
Statement Of Activities*

Net change in total fund balances per fund financial statements \$ (16,467)

*Amounts reported for governmental activities in the statement of activities are
different because of the following:*

*Capital outlays are reported as expenditures in this fund financial statement
because they use current financial resources, but they are presented as assets
in the statement of activities and depreciated over their estimated economic
lives.*

381,611

Depreciation

(35,218)

Amortization

(4,921)

Change in net position of governmental activities

\$ 325,005

See accompanying notes and independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Goshen, KY 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.

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.

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.

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.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Net Position / Fund Balances

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:

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 Fund's Balance Sheets, 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.

Unassigned – Amounts that are not restricted.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position / Fund Balances (continued)

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.

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 has restricted net assets 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 American Rescue Plan Act, whose funds were received in the prior year and spent during the current 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.

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% per month is assessed.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The City provides vacation-pay benefits to its City Clerk. The financial Statements include a liability for unused benefits totaling \$1,625.

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, but not in the Governmental Funds' Balance Sheets. The City has established a threshold of \$1,000 for an expenditure to be considered as a possible capital asset.

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, 2023, 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, 2023 was \$35,218. Depreciation is recorded in the Statement of Activities but not in the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances. On the Statement of Activities, all of the \$35,218 depreciation expense is reported separately.

Recently Issued Accounting Pronouncements

In June 2017, GASB issued Statement No. 87, *Leases*. This pronouncement increases the usefulness of governments financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement is effective for the year ending June 30, 2023.

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, 2023, the carrying amounts of the City's deposits were \$330,524 and the bank balances totaled \$337,205.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

2. CASH DEPOSITS (continued)

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 of its agent in the City's name

Category 2 - Deposits that are collateralized with securities by the pledging financial institution's trust department or agent in the City's name

Category 3 - Deposits not collateralized or insured

	Category 1	Category 2	Category 3	Bank Balance
Cash deposits 2023	\$ -	\$ 250,000	\$ 80,524	\$ 337,205

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>
Restricted Certificate of Deposit	\$ 55,219	0.15%	December 16, 2023
Certificate of Deposit	900		
Certificate of Deposit	257,384	2.25%	December 16, 2023

4. RECEIVABLES

The components of amounts owed the City at June 30, 2023 are as follows:

	General Fund Balance Sheet	Road Fund Balance Sheet	Statement of Net Position
Insurance premiums tax	\$ 66,637	\$ -	\$ 66,637
Fines	4,778	-	4,778
KY HB 413	1,658	-	1,658
Other	921	-	921
TOTALS	<u>\$ 73,994</u>	<u>\$ -</u>	<u>\$ 73,994</u>

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

5. CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

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

COST	06/30/2022 <u>Beginning</u>	<u>Increase</u>	<u>Decrease</u>	6/30/2023 <u>Ending</u>
Land	\$ 152,929	\$ -	\$ -	\$ 152,929
Drainage	237,029	220,966	-	457,995
Roads	199,586	-	-	199,586
Improvements	72,009	160,645	-	232,654
Equipment, other than office	43,836	-	-	43,836
Office Equipment	<u>2,585</u>	<u>-</u>	<u>-</u>	<u>2,585</u>
TOTAL COST	\$ 707,974	\$ 381,611	\$ -	\$ 1,089,585
Less:				
Accumulated Depreciation	<u>(385,591)</u>	<u>(35,218)</u>	<u>-</u>	<u>(420,809)</u>
NET CAPITAL ASSETS	\$ <u>322,383</u>	\$ <u>346,393</u>	\$ <u>-</u>	\$ <u>668,776</u>

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 in the prior year. 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.

During the year ended June 30, 2023, the City received \$18,989 from the state of Kentucky for its road grant; \$3,359 from the state of Kentucky for its police protection grant (HB 413); and \$266,119 from the Federal government's American Rescue Plan Act used 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 APRA 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, 2023, the City had spent and documented the qualifying expenditures for the \$266,119 received from ARPA, and, consequently, that total amount is shown on statement of Net Position Governmental Funds' Balance Sheets as grant revenue (deferred from the year before).

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 a loss has occurred and the amount of the loss can be reasonably estimated.

CITY OF GOSHEN, KENTUCKY
Notes To The Financial Statements (Continued)
For Year Ended June 30, 2023

7. RISK MANAGEMENT (continued)

The City Attorney estimates that the amount of actual or potential insurance claims against the City as of June 30, 2023 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, 2023 or as of this report.

8. LEASE LIABILITY

The City leases office and storage space. The lease is for a three-year term beginning June 1, 2023 and ending May 31, 2025. The lease requires monthly amount of lease expense is \$475 (Office space \$375 and storage space \$100). 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, 2023 was \$5,700.

Future lease expenses at June 30, 2023 were as follows:

June 30, 2024	\$5,224
June 30, 2025	\$5,072

9. COMMITMENTS

The City had the following contractual commitments at June 30, 2023:

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, 2023 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. Work is complete.

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.

10. CONTINGENCIES

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

11. SUBSEQUENT EVENTS

The City has evaluated subsequent events through November 7, 2023, the date of this report, and there are no material subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GOSHEN, KENTUCKY
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2023

	Original Budget	Final	Actual	Variance Favorable (Unfavorable)
General Revenues:				
Property Taxes	\$ 75,000	\$ 75,068	\$ 74,932	\$ (136)
Interest Income	850	850	5,082	4,232
KY Appropriation -Contract Police	4,300	4,300	3,359	(941)
Litter abatement grant	500	481	481	-
Other Income	<u>242,700</u>	<u>604,768</u>	<u>551,642</u>	<u>(53,126)</u>
Total General Revenues	\$ 323,350	\$ 685,467	\$ 635,496	\$ (49,971)
Expenditures:				
General government expenses	110,600	102,551	100,144	2,407
Public safety expenses	30,000	30,000	32,000	(2,000)
Sanitation expenses	50,700	46,130	46,313	(183)
Public works expenses	132,050	133,085	98,284	34,801
Capital Outlay	<u>-</u>	<u>220,966</u>	<u>381,611</u>	<u>(160,645)</u>
Total Expenditures	\$ 323,350	\$ 532,732	\$ 658,352	\$ (125,620)
Excess of revenues over (under) expenditures	-	152,735	(22,856)	(175,591)
Other Financing Sources (Uses)				
Prior Year Accounts Receivable adj	-	-	3,995	3,995
Lease Liability	<u>-</u>	<u>-</u>	<u>(4,921)</u>	<u>(4,921)</u>
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (926)	\$ (926)
 Budgetary fund balance, July 1, 2022	 \$ 362,097	 \$ 362,097	 \$ 362,097	 \$ -
Budgetary fund balance, June 30, 2023	<u>\$ 362,097</u>	<u>\$ 514,832</u>	<u>\$ 338,315</u>	<u>\$ (176,517)</u>

CITY OF GOSHEN, KENTUCKY
Budgetary Comparison Schedule – Municipal Road Aid

	Original Budget	Final	Actual	Variance Favorable (Unfavorable)
Current Year Resources:				
Kentucky Municipal Aid revenue	\$ 17,250	17,250	\$ 18,989	\$ 1,739
Interest Income	-	-	-	-
Total Current Year Resources	\$ 17,250	\$ 17,250	\$ 18,989	\$ 1,739
Current Year Appropriations:				
Public works expenses	17,250	17,250	12,600	4,650
Total Current Year Appropriations	17,250	17,250	12,600	4,650
Excess of revenues over (under) expenditures	-	-	6,389	6,389
 Budgetary fund balance, July 1, 2022	 55,219	 55,219	 55,219	 \$ -
Budgetary fund balance, June 30, 2023	55,219	55,219	61,608	6,389

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

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 amended during the year ended June 30, 2023.

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.

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Lisa T Kaleher, CPA

**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 City of GOSHEN, Kentucky
Goshen, Kentucky 40026

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 of the City of Goshen, KY as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the city of Goshen, Ky's basic financial statements, and have issued my report thereon dated November 7, 2023.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered city of Goshen, Ky'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, KY's internal control. Accordingly, I do not express an opinion on the effectiveness of the city of Goshen, KY'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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 weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that are not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings that I consider to be significant deficiency. See reference numbers 2023-1 through 2023-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Goshen, KY's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Goshen, KY Response to Findings

City of Goshen, KY's response to the findings identified in my audit is described in the accompanying schedule of finding and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

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 entity's internal control or on

compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lisa T Kaleher CPA, Inc

Taylorsville, Kentucky
November 7, 2023

**CITY OF GOSHEN, KY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023**

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Goshen for the fiscal year ended June 30, 2023.
2. Two significant deficiencies in internal control were disclosed during the audit.

FINDINGS AND RESPONSES

INTERNAL CONTROLS – MATERIAL WEAKNESSES - None

**INTERNAL CONTROLS – SIGNIFICANT DEFICIENCIES
2023-001 Financial Statement Preparation**

Criteria:

A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition:

As a result of new highly specialized and complex requirements placed upon auditors under SAS 115 (Statements on Auditing Standards), personnel lacks qualifications and training to apply generally accepted accounting principles in recording the entity's financial transactions and in preparing their financial statements. This internal control deficiency is not intended to comment in a negative manner the ability and integrity of City personnel but to simply highlight issues in the preparation of GAGAS financial statements that are highly specialized and complex.

Cause:

The City does not currently staff personnel trained to prepare financial statements in accordance with Accounting Principles Generally Accepted in the United State of America.

Effect:

Year end adjustments were needed to go from Fund Financial statements to Government Wide statements in order to prepare financial statements per Generally Accepted Accounting Principles.

Recommendation:

Continue to seek professional help when applying unfamiliar accounting principles.

City's Response:

The City will seek trained and qualified professionals for assistance.

Auditor's Response:

The City concurs with the finding. Therefore the finding stands.

**CITY OF GOSHEN, KY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023**

SCHEDULE OF FINDINGS AND RESPONSES (continued)

INTERNAL CONTROL – SIGNIFICANT DEFICIENCIES

2023-002 Segregation of Duties

Criteria:

Proper internal control procedures require that there be an adequate segregation of duties to ensure the proper safeguard of assets.

Condition:

There is inadequate segregation of duties on the design deficiency due to a small office. Reporting of the receipts and recording of the disbursements, is done by the same person.

Cause:

The City does not have the staffing to ensure that adequate internal controls are in place to safeguard against the misappropriation of cash.

Effect:

Due to the limited number of the City's staff, there exists an absence of appropriate segregation of duties consistent with appropriate control objectives. The duties of receiving and disbursing funds, and recording transactions are not separated, which could lead to the possibility of the misappropriation of funds.

Recommendation:

We recommend that the City review its internal control procedures to ensure that at a minimum they include and continue to implement the following:

1. Adequate bonding insurance coverage for everyone handling funds (currently in use);
2. Direct Deposit of funds where it can be utilized;
3. Have someone other than the Treasurer retrieve and open the mail; endorse or stamp the checks "for deposit only" upon receipt. A receipt log would be recommended to be put into use.
4. Dual signatures on all checks (currently in use);
5. Commission member (other than the signer of the checks) reviews, and signifies approval by signing and dating, monthly bank reconciliations (this can be done at the monthly meetings)(currently in use);
6. City Commissioners provide prior written approval(s) for all investments, contracts, and major expenditures which shall be noted into the minutes (currently in use).

City's Response:

The City will continue with the noted recommendations as stated above with the accountant as the independent contractor to review deposits and receipts and prepare monthly bank reconciliations to satisfy this deficiency.

Auditor's Response:

The City concurs with the finding. Therefore the finding stands

OTHER MATTERS - None