

CITY OF PLANTATION, KENTUCKY
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

**CITY OF PLANTATION, KENTUCKY
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Plantation, Kentucky

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Plantation, Kentucky, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Plantation, Kentucky, as of June 30, 2019 and 2018, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2-4 and 16-17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2020, on our consideration of the City of Plantation, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Plantation, Kentucky's internal control over financial reporting and compliance.



Welenken CPAs

Louisville, Kentucky
January 21, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Plantation's ("City") discussion and analysis provides an overview of the City's financial activities for the fiscal year ended June 30, 2019. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the City's financial statements provided in this document.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the City's basic financial statements, which consist of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. Other supplementary information in addition to the basic financial statements is also included.

A. Government-Wide Financial Statements

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

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

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

B. Fund Financial Statements

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

Governmental funds focus on how money flows to and from those funds and the balances left at year-end that are available for spending. Funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The relationship between the governmental activities (reported in the Statement of Net Position and Statement of Activities) and the governmental funds is described in a reconciliation, which is presented immediately following the fund financial statements. Under accounting guidelines, the City considers the General Fund, the Special Revenue Fund (municipal road aid), and the Capital Projects Fund to be major governmental funds.

C. Notes to the Financial Statements

These notes provide additional information needed to fully understand the government-wide and fund financial statements.

D. Other Information

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As previously indicated, net position may serve over time as a useful indicator of the City's financial position. A portion of the City's net position, \$178,983, or 48% (2019) and \$114,566, or 33% (2018), reflects its investment in capital assets. The City uses these capital assets to provide service to residents, as a result these assets are not available for future spending. An additional portion of the City's net position, \$16,450, or 4% (2019) and \$13,184, or 4% (2018), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$175,875, or 48% (2019) and \$215,686, or 63% (2018), represents unrestricted net position which may be used to meet the City's ongoing obligations to residents.

City of Plantation Comparative Statements of Net Position June 30, 2019, 2018, and 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 201,031	\$ 239,052	\$ 212,336
Capital assets	<u>178,983</u>	<u>114,566</u>	<u>110,642</u>
Total assets	<u>380,014</u>	<u>353,618</u>	<u>322,978</u>
Current and other liabilities	<u>8,706</u>	<u>10,182</u>	<u>10,795</u>
Net position:			
Net investment in capital assets	178,983	114,566	110,642
Restricted	16,450	13,184	11,800
Unrestricted	<u>175,875</u>	<u>215,686</u>	<u>189,741</u>
Total net position	<u>\$ 371,308</u>	<u>\$ 343,436</u>	<u>\$ 312,183</u>

Comparative Statements of Activities Years Ended June 30, 2019, 2018, and 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenues			
Program revenues:			
Grants	\$ 21,448	\$ 20,015	\$ 22,694
Charges for services	8,692	13,434	17,138
General revenues:			
Property taxes	150,034	142,458	147,652
Insurance taxes	66,540	63,889	60,490
Franchise taxes	2,635	3,876	3,873
Miscellaneous	<u>992</u>	<u>993</u>	<u>1,148</u>
Total revenues	<u>250,341</u>	<u>244,665</u>	<u>252,995</u>
Expenses			
General government	106,497	98,818	98,474
Roads and sidewalks	31,723	32,232	32,427
Sanitation	67,896	64,260	60,023
Public safety	<u>16,353</u>	<u>18,102</u>	<u>18,125</u>
Total expenses	<u>222,469</u>	<u>213,412</u>	<u>209,049</u>
Increase in net position	27,872	31,253	43,946
Net position – beginning	<u>343,436</u>	<u>312,183</u>	<u>268,238</u>
Net position – ending	<u>\$ 371,308</u>	<u>\$ 343,436</u>	<u>\$ 312,183</u>

Governmental activities increased the City's net position by \$27,872 (2019) and \$31,253 (2018) due to revenues in excess of expenses.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

At June 30, 2019 and 2018, the City's governmental funds reported a combined ending fund balances of \$177,848 and \$216,481, respectively. Of this total amount, \$149,398 and \$43,185 for 2019 and 2018, respectively, constitutes the unassigned fund balance, which is available to meet the future financial needs of the City. An additional \$12,000 and \$159,843 for 2019 and 2018, respectively constitutes the assigned fund balance, which is designated by the City to be used for Capital Projects and subsequent year's budget. The remainder of the fund balance is nonspendable to indicate that it is not available for new spending or restricted (Special Revenue Fund) for road expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The charges to appropriations were \$113,573 less than the final budgeted amounts. The largest positive variance occurred in the City's maintenance/sidewalk expenses. The largest negative variances occurred in the City's sanitation expense.

In addition, resources available for appropriation were \$4,097 greater than the final budgeted amount. The most significant positive variance occurred in the City's insurance taxes.

CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

The City's investment in capital assets for governmental activities as of June 30, 2019 and 2018 was \$178,983 and \$114,566 (net of accumulated depreciation), respectively.

	<u>Year Ending June 30, 2019</u>			Ending <u>Balance</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	
Infrastructure	\$ 263,726	\$ 82,981	\$ -	\$ 346,707
Entrance	33,521	-	-	33,521
Street signs	31,758	-	-	31,758
Computer and office equipment	<u>4,271</u>	<u>-</u>	<u>-</u>	<u>4,271</u>
Total cost	333,276	82,981	-	416,257
Less: accumulated depreciation	<u>(218,710)</u>	<u>(18,564)</u>	<u>-</u>	<u>(237,274)</u>
Net book value	<u>\$ 114,566</u>	<u>\$ 64,417</u>	<u>\$ -</u>	<u>\$ 178,983</u>

	<u>Year Ending June 30, 2018</u>			Ending <u>Balance</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	
Infrastructure	\$ 242,394	\$ 21,332	\$ -	\$ 263,726
Entrance	33,521	-	-	33,521
Street signs	31,758	-	-	31,758
Computer and office equipment	<u>4,271</u>	<u>-</u>	<u>-</u>	<u>4,271</u>
Total cost	311,944	21,332	-	333,276
Less: accumulated depreciation	<u>(201,302)</u>	<u>(17,408)</u>	<u>-</u>	<u>(218,710)</u>
Net book value	<u>\$ 110,642</u>	<u>\$ 3,924</u>	<u>\$ -</u>	<u>\$ 114,566</u>

B. Long-Term Debt

The City has no long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

There are currently no economic factors that are expected to change the outlook of the revenues or expenses for the City in the next year. No rate change for the 2020 fiscal year.

A summary for the 2020 fiscal year budgeted expenses are as follows:

- General government - \$76,285
- Public safety - \$87,312
- Public services - \$80,968
- Community services - \$4,935

REQUESTS FOR INFORMATION

This financial report is designed to provide a general financial overview of the City. Questions or requests for additional financial information may be addressed to Becky Peak, Mayor, City of Plantation, P.O. Box 22698, Louisville, KY 40222.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF PLANTATION, KENTUCKY
STATEMENTS OF NET POSITION
JUNE 30, 2019 AND 2018

	Governmental Activity	
	2019	2018
ASSETS		
Cash	\$ 182,242	\$ 225,438
Property taxes receivable	17,412	13,345
Municipal road aid receivable	1,377	-
Prepaid expenses	-	269
Capital assets, net of depreciation	178,983	114,566
Total assets	380,014	353,618
 LIABILITIES		
Accounts payable	2,518	3,771
Other accrued expenses	6,188	6,411
Total liabilities	8,706	10,182
 NET POSITION		
Net investment in capital assets	178,983	114,566
Restricted	16,450	13,184
Unrestricted	175,875	215,686
Total net position	\$ 371,308	\$ 343,436

See accompanying Notes to Financial Statements.

**CITY OF PLANTATION, KENTUCKY
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018**

Governmental Activities

PRIMARY GOVERNMENT	<u>2019</u>				<u>2018</u>			
	Expenses	Charges for Services	Grants	Total	Expenses	Charges for Services	Grants	Total
FUNCTIONS/PROGRAMS								
General government	\$ (106,497)	\$ 3,739	\$ -	\$ (102,758)	\$ (98,818)	\$ 8,494	\$ -	\$ (90,324)
Roads and sidewalks	(31,723)	-	17,004	(14,719)	(32,232)	-	16,783	(15,449)
Sanitation	(67,896)	4,953	-	(62,943)	(64,260)	4,940	-	(59,320)
Public safety	(16,353)	-	4,444	(11,909)	(18,102)	-	3,232	(14,870)
Total Primary Government	(222,469)	8,692	21,448	(192,329)	(213,412)	13,434	20,015	(179,963)
GENERAL REVENUES								
Property taxes				150,034				142,458
Insurance taxes				66,540				63,889
Franchise taxes				2,635				3,876
Investment earnings				3				20
Miscellaneous				989				973
Total general revenues				220,201				211,216
CHANGE IN NET POSITION				27,872				31,253
NET POSITION, BEGINNING OF YEAR				343,436				312,183
NET POSITION, END OF YEAR				\$ 371,308				\$ 343,436

See accompanying Notes to Financial Statements.

FUND FINANCIAL STATEMENTS

**CITY OF PLANTATION, KENTUCKY
BALANCE SHEETS - GOVERNMENTAL FUNDS
JUNE 30, 2019 AND 2018**

ASSETS

	2019				2018			
	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Cash	\$ 167,169	\$ 15,073	\$ -	\$ 182,242	\$ 176,742	\$ 13,184	\$ 35,512	\$ 225,438
Property taxes receivable	17,412	-	-	17,412	13,345	-	-	13,345
Municipal road aid receivable	-	1,377	-	1,377	-	-	-	-
Prepaid expenses	-	-	-	-	269	-	-	269
TOTAL ASSETS	\$ 184,581	\$ 16,450	\$ -	\$ 201,031	\$ 190,356	\$ 13,184	\$ 35,512	\$ 239,052

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

LIABILITIES

Accounts payable	\$ 2,518	\$ -	\$ -	\$ 2,518	\$ 3,771	\$ -	\$ -	\$ 3,771
Accrued expenses	6,188	-	-	6,188	6,411	-	-	6,411
TOTAL LIABILITIES	8,706	-	-	8,706	10,182	-	-	10,182

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue - property taxes	14,477	-	-	14,477	12,389	-	-	12,389
TOTAL DEFERRED INFLOWS OF RESOURCES	14,477	-	-	14,477	12,389	-	-	12,389

FUND BALANCES

Nonspendable								
Prepaid items	-	-	-	-	269	-	-	269
Restricted								
Special Revenue Fund	-	16,450	-	16,450	-	13,184	-	13,184
Assigned								
Capital projects	-	-	-	-	-	-	35,512	35,512
Subsequent year's budget	12,000	-	-	12,000	124,331	-	-	124,331
Unassigned	149,398	-	-	149,398	43,185	-	-	43,185
TOTAL FUND BALANCES	161,398	16,450	-	177,848	167,785	13,184	35,512	216,481

**TOTAL LIABILITIES, DEFERRED INFLOWS
OF RESOURCES, AND FUND BALANCES**

\$ 184,581	\$ 16,450	\$ -	\$ 201,031	\$ 190,356	\$ 13,184	\$ 35,512	\$ 239,052
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See accompanying Notes to Financial Statements.

**CITY OF PLANTATION, KENTUCKY
RECONCILIATION OF THE BALANCE SHEETS - GOVERNMENTAL
FUNDS TO THE STATEMENTS OF NET POSITION
JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Total fund balances for governmental funds	\$ 177,848	\$ 216,481
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets, net of depreciation and related debt, used in governmental activities are not financial resources and, therefore, not reported in the general fund	178,983	114,566
Certain property tax collections and other revenues are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds	<u>14,477</u>	<u>12,389</u>
Total net position of governmental activities	<u><u>\$ 371,308</u></u>	<u><u>\$ 343,436</u></u>

See accompanying Notes to Financial Statements.

CITY OF PLANTATION, KENTUCKY
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019				2018			
	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES								
Property taxes	\$ 147,946	\$ -	\$ -	\$ 147,946	\$ 136,789	\$ -	\$ -	\$ 136,789
Insurance taxes	66,540	-	-	66,540	63,889	-	-	63,889
Municipal road aid	-	17,004	-	17,004	-	16,783	-	16,783
Franchise fees	2,635	-	-	2,635	3,876	-	-	3,876
License fees and fines	3,739	-	-	3,739	8,494	-	-	8,494
Sanitation fees	4,953	-	-	4,953	4,940	-	-	4,940
Police assistance	4,444	-	-	4,444	3,232	-	-	3,232
Interest income	-	2	1	3	-	5	15	20
Miscellaneous	990	-	-	990	974	-	-	974
Total Revenues	231,247	17,006	1	248,254	222,194	16,788	15	238,997
EXPENDITURES								
Sanitation	67,896	-	-	67,896	64,260	-	-	64,260
Wages	11,701	-	-	11,701	14,909	-	-	14,909
Telephone and utilities	22,853	-	-	22,853	25,309	-	-	25,309
Rent	9,300	-	-	9,300	9,300	-	-	9,300
Municipal road expenses	-	13,740	35,216	48,956	-	15,404	-	15,404
City insurance	5,420	-	-	5,420	5,415	-	-	5,415
Legal fees	7,023	-	-	7,023	6,654	-	-	6,654
Accounting and audit	14,100	-	-	14,100	12,100	-	-	12,100
Public safety	16,353	-	-	16,353	18,102	-	-	18,102
PVA report expense	2,882	-	-	2,882	3,053	-	-	3,053
Maintenance including front entrance	65,680	-	-	65,680	29,170	-	-	29,170
Payroll taxes	895	-	-	895	1,141	-	-	1,141
IT Services	6,163	-	-	6,163	5,916	-	-	5,916
Miscellaneous expense	7,642	-	23	7,665	6,604	-	-	6,604
Total Expenditures	237,908	13,740	35,239	286,887	201,933	15,404	-	217,337
Excess (deficiency) of revenues over (under) expenditures	(6,661)	3,266	(35,238)	(38,633)	20,261	1,384	15	21,660
OTHER FINANCING SOURCES								
Transfer in (out)	274	-	(274)	-	-	-	-	-
Total Other Financing Sources	274	-	(274)	-	-	-	-	-
CHANGES IN FUND BALANCES	(6,387)	3,266	(35,512)	(38,633)	20,261	1,384	15	21,660
FUND BALANCES, BEGINNING OF YEAR	167,785	13,184	35,512	216,481	147,524	11,800	35,497	194,821
FUND BALANCES, END OF YEAR	\$ 161,398	\$ 16,450	\$ -	\$ 177,848	\$ 167,785	\$ 13,184	\$ 35,512	\$ 216,481

See accompanying Notes to Financial Statements.

CITY OF PLANTATION, KENTUCKY
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Net change in fund balances - total governmental funds	\$ (38,633)	\$ 21,660
<p>The change in net position reported for governmental activities in the statement of activities is different because:</p>		
<p style="padding-left: 40px;">Certain property tax collections are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds</p>	2,088	5,669
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$82,981 and \$21,332 for 2019 and 2018, respectively) are greater than (less than) depreciation (\$18,564 and \$17,408, for 2019 and 2018, respectively) in the current period</p>	<u>64,417</u>	<u>3,924</u>
Change in net position of governmental activities	<u>\$ 27,872</u>	<u>\$ 31,253</u>

See accompanying Notes to Financial Statements.

CITY OF PLANTATION, KENTUCKY NOTES TO FINANCIAL STATEMENTS

NOTE A - DESCRIPTION OF ORGANIZATION

The City of Plantation, Kentucky was incorporated in 1963, and operates under the Kentucky Revised Statutes, as amended. The City operates under the Mayor-Council form of government and provides the following services as authorized by its charter: municipal services, including care and maintenance of streets, garbage collection, recreation and community development, and administrative services. As required by accounting principles generally accepted in the United States of America (GAAP), the accompanying basic financial statements present the activities of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide Financial Statements

The government-wide financial statements (i.e. the statements of net position and the statements of activities) report information on all of the activities of the City. The effect of interfund activity has been removed from these statements.

Government-wide statements distinguish between governmental-type and business-type activities. Governmental type activities are those financed through property taxes, intergovernmental revenues, municipal aid, and other non-exchange revenues and are usually reported in governmental and internal service funds. The City has no business-type activities.

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

Fund Financial Statements

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

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

The Capital Projects Fund is used to account for the acquisition and construction of major capital projects. This fund was closed as of June 30, 2019.

CITY OF PLANTATION, KENTUCKY NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned or, for property tax revenues, in the period for which levied, and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows in the statement of activities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City in general considers revenues available if they are collected within 180 days after year-end, except for property taxes, which the City considers available if they are collected within 60 days after year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Budgetary Accounting

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

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

Management's Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Cash

The City's checking accounts and money market accounts were insured by federal depository insurance or by collateral held by the custodial banks in the City's name. Kentucky Revised Statutes authorize municipalities to invest in obligations of the United States and its agencies, obligations of the Commonwealth of Kentucky and its agencies, shares in savings and loan associations insured by federal agencies and in deposits in national or state chartered banks insured by federal agencies and larger amounts in such institutions providing such banks pledge as security obligations of the United States or its agencies.

Property Taxes and Other Receivables

Property taxes and other receivables are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Under the requirements of GASB Statement No. 34, the City is considered a Phase 3 government as its total annual revenues are less than \$10 million. Such governments are not required to report major general infrastructure assets, although the City has chosen to record these assets prospectively from July 1, 2003.

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

Deferred Inflows of Resources

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

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.

Restricted Net Position – Net position that are restricted by external sources such as banks or by law are reported separately as restricted net position. When assets are required to be retained in perpetuity, these non-expendable net position are recorded separately from expendable net position. These are components of restricted net position. The City has restricted net position related to municipal road aid monies.

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

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balances (Continued)

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

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

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

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

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Council adopted policy, only the City Council may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment functions. However, the City reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Subsequent Events

The City has evaluated subsequent events through January 21, 2020, the date the financial statements were available to be issued.

NOTE C – CAPITAL ASSETS

2019

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending</u> <u>Balance</u>
Infrastructure	\$ 263,726	\$ 82,981	\$ -	\$ 346,707
Entrance	33,521	-	-	33,521
Street signs	31,758	-	-	31,758
Computer and office equipment	<u>4,271</u>	<u>-</u>	<u>-</u>	<u>4,271</u>
Total Cost	333,276	82,981	-	416,257
Less: accumulated depreciation	(218,710)	(18,564)	-	(237,274)
Net Book Value	<u>\$ 114,566</u>	<u>\$ 64,417</u>	<u>\$ -</u>	<u>\$ 178,983</u>

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

NOTE C – CAPITAL ASSETS (Continued)

	<u>2018</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Infrastructure	\$ 242,394	\$ 21,332	\$ -	\$ 263,726
Entrance	33,521	-	-	33,521
Street signs	31,758	-	-	31,758
Computer and office equipment	<u>4,271</u>	<u>-</u>	<u>-</u>	<u>4,271</u>
Total Cost	311,944	21,332	-	333,276
Less: accumulated depreciation	<u>(201,302)</u>	<u>(17,408)</u>	<u>-</u>	<u>(218,710)</u>
Net Book Value	<u>\$ 110,642</u>	<u>\$ 3,924</u>	<u>\$ -</u>	<u>\$114,566</u>

NOTE D – PROPERTY TAXES

As generally provided in the Constitution of the Commonwealth of Kentucky, the City's property tax is levied each July 1 on the assessed value listed as of the prior January 1 for all real property located in the City. The Jefferson County Property Valuation Administrator establishes assessed values. The tax payments are due and payable when levied. All unpaid taxes become delinquent December 1.

Property taxes revenues are recognized when they become available. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided. Taxes are levied annually on June 30 and are due by November 1st. A discount of 10% shall be allowed on tax bills paid prior to September 15. From November 1st and thereafter, a penalty of 15% plus interest at the rate of 18% per annum is assessed on the face amount of the tax bill until payment is received.

NOTE E – RELATED PARTY TRANSACTIONS

During the years ended June 30, 2019 and 2018, the Mayor's husband and son were awarded contracts based on written proposals and approved by the Council to perform certain City landscaping services. For the years ended June 30, 2019 and 2018, the amounts paid for these services totaled \$10,970 and \$6,470, respectively.

NOTE F – LEASES

The City leases office space at \$775 per month beginning July 1, 2013. The lease expires August 31, 2019. Rent expense for both years ended June 30, 2019 and 2018 was \$9,300.

Future minimum lease payments for each of the next five fiscal years and in the aggregate are as follows:

2020	\$ 9,300
2021	9,300
2022	9,300
2023	9,300
2024	9,300
Thereafter	<u>48,050</u>
	<u>\$ 94,550</u>

Subsequent event – In July 2019, the City renewed the lease for \$775 per month beginning September 1, 2019 and expiring August 31, 2029.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PLANTATION, KENTUCKY
BUDGETARY COMPARISON SCHEDULES - GENERAL FUND
YEARS ENDED JUNE 30, 2019 AND 2018

	2019				2018			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Resources (inflows):								
Property taxes	\$ 144,250	\$ 144,250	\$ 147,946	\$ 3,696	\$ 142,000	\$ 142,000	\$ 136,789	\$ (5,211)
Insurance taxes	60,000	60,000	66,540	6,540	60,000	60,000	63,889	3,889
Franchise fees	3,800	3,800	2,635	(1,165)	3,800	3,800	3,876	76
License fees and fines	10,000	10,000	3,739	(6,261)	10,000	10,000	8,494	(1,506)
Sanitation reimbursement	4,500	4,500	4,953	453	4,500	4,500	4,940	440
Police assistance	3,600	3,600	4,444	844	3,600	3,600	3,232	(368)
Miscellaneous	1,000	1,000	990	(10)	1,000	1,000	974	(26)
Amounts available for appropriation	227,150	227,150	231,247	4,097	224,900	224,900	222,194	(2,706)
Charges to appropriations (outflows):								
Sanitation	66,132	66,132	67,896	(1,764)	65,122	65,122	64,260	862
Wages	16,100	16,100	11,701	4,399	16,100	16,100	14,909	1,191
Telephone and utilities	27,680	27,680	22,853	4,827	27,680	27,680	25,309	2,371
Rent	9,300	9,300	9,300	-	9,300	9,300	9,300	-
City insurance	6,500	6,500	5,420	1,080	6,300	6,300	5,415	885
Legal fees	6,500	6,500	7,023	(523)	7,800	7,800	6,654	1,146
Accounting and audit	13,900	13,900	14,100	(200)	12,100	12,100	12,100	-
Public safety	23,964	23,964	16,353	7,611	21,964	21,964	18,102	3,862
PVA report expense	3,500	3,500	2,882	618	3,500	3,500	3,053	447
Maintenance/sidewalk expenses	158,905	158,905	65,680	93,225	59,928	59,928	29,170	30,758
Payroll taxes	1,610	1,610	895	715	1,610	1,610	1,141	469
IT services	6,000	6,000	6,163	(163)	6,000	6,000	5,916	84
Miscellaneous expense	11,390	11,390	7,642	3,748	12,588	12,588	6,604	5,984
Total charges to appropriations	351,481	351,481	237,908	113,573	249,992	249,992	201,933	48,059
Transfer in	-	-	274	274	-	-	-	-
Net change in fund balance	(124,331)	(124,331)	(6,387)	117,944	(25,092)	(25,092)	20,261	45,353
Fund balance - beginning	167,785	167,785	167,785	-	147,524	147,524	147,524	-
Fund balance - ending	\$ 43,454	\$ 43,454	\$ 161,398	\$ 117,944	\$ 122,432	\$ 122,432	\$ 167,785	\$ 45,353

**CITY OF PLANTATION, KENTUCKY
BUDGETARY COMPARISON SCHEDULES - SPECIAL REVENUE FUND
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019				2018			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Resources (inflows):								
Municipal road aid	\$ 15,600	\$ 15,600	\$ 17,004	\$ 1,404	\$ 15,600	\$ 15,600	\$ 16,783	\$ 1,183
Interest income	-	-	2	2	-	-	5	5
Amounts available for appropriation	<u>15,600</u>	<u>15,600</u>	<u>17,006</u>	<u>1,406</u>	<u>15,600</u>	<u>15,600</u>	<u>16,788</u>	<u>1,188</u>
Charges to appropriations (outflows):								
Municipal road expenses	<u>15,600</u>	<u>15,600</u>	<u>13,740</u>	<u>1,860</u>	<u>15,600</u>	<u>15,600</u>	<u>15,404</u>	<u>196</u>
Total charges to appropriations	<u>15,600</u>	<u>15,600</u>	<u>13,740</u>	<u>1,860</u>	<u>15,600</u>	<u>15,600</u>	<u>15,404</u>	<u>196</u>
Net change in fund balance	-	-	3,266	3,266	-	-	1,384	1,384
Fund balance - beginning	<u>13,184</u>	<u>13,184</u>	<u>13,184</u>	-	<u>11,800</u>	<u>11,800</u>	<u>11,800</u>	-
Fund balance - ending	<u>\$ 13,184</u>	<u>\$ 13,184</u>	<u>\$ 16,450</u>	<u>\$ 3,266</u>	<u>\$ 11,800</u>	<u>\$ 11,800</u>	<u>\$ 13,184</u>	<u>\$ 1,384</u>

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

To the Honorable Mayor and City Council
City of Plantation, Kentucky

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of City of Plantation, Kentucky, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 21, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Welenken CPAs

Louisville, Kentucky
January 21, 2020