

CITY OF BROMLEY, KENTUCKY

FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

WITH

Independent Auditors' Report

CITY OF BROMLEY, KENTUCKY

FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

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CITY OF BROMLEY, KENTUCKY

CITY OFFICIALS

For the Year Ended June 30, 2023

Mayor

Mike Denham

List of Council Members

Andrew Clift

Mike Kendall

David Radford

Gail Smith

Dianne Wartman

Tim Wartman

City Treasurer

Terri Stahl

City Clerk

Brittany Hinzman

City Accountants

Chamberlin Owen & Co., Inc.

City Attorney

R. Kim Vocke



INDEPENDENT AUDITORS' REPORT

Honorable Mayor
Members of City Council
City of Bromley, Kentucky

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund, and the aggregate remaining fund information of the City of Bromley, Kentucky (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 our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Bromley, Kentucky, 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Bromley, Kentucky, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Bromley, Kentucky's basic financial statements. The budgetary comparison schedule for the non-major governmental fund on page 25 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2024 on our consideration of the City of Bromley, 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 the effectiveness of the City of Bromley, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bromley, Kentucky's internal control over financial reporting and compliance.

Bramel & Ackley, P.S.C.

Ft. Wright, Kentucky
June 20, 2024

CITY OF BROMLEY, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2023

Management's Discussion and Analysis (MD&A) is required supplementary information per the Government Accounting Standards Board (GASB) that provides management with the opportunity to provide both short-term and long-term analysis of the City of Bromley, Kentucky's financial activities. The MD&A should be read in conjunction with the City's basic financial statements, which begin on page 9.

The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City and present a long-term view of the City's finances. The City's fund financial statements provide more detail on the operations of the City than the government wide statements.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: government-wide financial statements; fund financial statements; and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of 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.

The statement of activities presents information showing how much the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the City that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include administration, public safety, fire safety, parks and recreation, highways and streets, and garbage pick-up service. Capital assets are also supported by taxes and intergovernmental revenues. Municipal Road Aid is supported by designated support coming from the state.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detailed information about the most significant funds, and not the City as a whole. The City Council establishes funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City has three funds: a general fund and two special revenue funds, Municipal Road Aid and Road Tax Fund.

CITY OF BROMLEY, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2023

The City's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The modified accrual basis allows certain revenues to be recognized before received. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are greater or fewer financial resources available for spending in the future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation of the fund financial statements.

Notes to the Financial Statements

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

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$1,787,082 at June 30, 2023. This is a \$155,042 increase over 2022.

Table 1 – Net Position

		(Restated)
	2023	2022
Current assets	\$ 782,253	\$ 1,226,536
Capital assets, net	1,071,714	627,205
Total assets	1,853,967	1,853,741
Current liabilities	66,885	221,701
Total liabilities	66,885	221,701
Net investment in capital assets	1,071,714	627,205
Unrestricted	715,368	1,004,835
Total net position	\$ 1,787,082	\$ 1,632,040

One component of the City's net position reflects its investment in capital assets net of related debt. These capital assets are used to provide services and city infrastructure, and consequently, are not available for future spending. The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

CITY OF BROMLEY, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2023

Governmental Activities

The following table represents a summary of the City's revenue and expense for the fiscal years ended June 30, 2023 and 2022:

Table 2 – Governmental Activities – Change in Net Position

	2023	(Restated) 2022
Revenues		
Charges for services	\$ 11,701	\$ 8,400
Operating grants and contributions	194,046	278,408
General Revenues		
Taxes	378,028	374,537
Licenses and permits	46,901	23,003
Franchise fees	33,600	79,553
Fines	7,282	8,737
Unrestricted investment earnings	3,412	3,616
Miscellaneous	-	2,039
Total revenues	<u>674,970</u>	<u>778,293</u>
Expenses		
Legislative and administrative	219,101	220,467
Public safety	100,000	100,000
Fire safety	69,364	68,128
Public works and utilities	102,573	106,477
Parks	28,890	41,856
Total expenses	<u>519,928</u>	<u>536,928</u>
Excess of revenues over expenditures	<u>\$ 155,042</u>	<u>\$ 241,365</u>

Capital Assets and Debt Service

At June 30, 2023 the City had \$1,071,714 invested in various capital assets, including land, buildings, infrastructure and equipment. Depreciation expense totaled \$105,523. The changes in capital assets are summarized in Note E in the Notes to the Financial Statements.

At June 30, 2023, the City has no short or long-term debt.

Budget to Actual, Economic Factors and Next Year's Budget

During 2022-23, the City experienced a decrease in revenues of \$103,323. The decrease was primarily due to an increase in intergovernmental revenues received in the prior year. The City's expenditures across all funds decreased by \$17,000. The decrease in expenditures is primarily due to American Recovery Plan Act (ARPA) grant funds expended for capital street and stormwater projects in the prior year.

CITY OF BROMLEY, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2023

General Fund revenues were larger than budgeted revenues by \$414,224 due to increased amounts for taxes, licenses, and fees. General Fund expenditures were under budget by \$137,471 largely due to unspent grant funds and expenditures for capital improvement projects being less than budgeted. The City has adequate contingency funds to address any non-catastrophic, unforeseen conditions and events. The fiscal year 2024 budget provides adequate resources for the continuation of services and programs at the present levels.

Contacting the City's Financial Management

This financial report is designed to provide the citizens, taxpayers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the City Clerk at the City of Bromley, at 226 Boone Street, Bromley, KY 41016.

CITY OF BROMLEY, KENTUCKY STATEMENT OF NET POSITION June 30, 2023
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	Governmental Activities
Assets	
Cash and cash equivalents	\$ 695,669
Accounts receivable	6,115
Insurance premium tax receivable	35,343
Taxes and fees receivable	45,126
Capital assets, net of depreciation	<u>1,071,714</u>
Total Assets	<u>1,853,967</u>
Liabilities	
Accounts payable	20,791
Deferred revenue	<u>46,094</u>
Total Liabilities	<u>66,885</u>
Net Position	
Net investment in capital assets	1,071,714
Unrestricted	<u>715,368</u>
Total Net Position	<u><u>\$ 1,787,082</u></u>

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

CITY OF BROMLEY, KENTUCKY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government					
Legislative and administrative	\$ 219,101	\$ 11,701	\$ 178,446	\$ -	\$ (28,954)
Public safety	100,000	-	-	-	(100,000)
Fire safety	69,364	-	-	-	(69,364)
Public works & utilities	102,573	-	15,600	-	(86,973)
Parks	28,890	-	-	-	(28,890)
Total Primary Government	\$ 519,928	\$ 11,701	\$ 194,046	\$ -	(314,181)
General revenues					
Taxes					
Property taxes, levied for general purposes					177,228
Insurance premium taxes, levied for general purposes					100,132
Payroll/gross receipts taxes, levied for general purposes					100,668
Fines and forfeits on delinquent taxes and waste fees					7,282
Franchise fees					33,600
Licenses and permit fees					46,901
Unrestricted investment earnings					3,412
Total general revenues and special items					469,223
Change in net position					155,042
Prior period adjustment - See Note J					25,320
Net position, beginning					1,606,720
Net position, ending					\$ 1,787,082

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

CITY OF BROMLEY, KENTUCKY BALANCE SHEET - GOVERNMENTAL FUNDS AND RECONCILIATION OF FUND BALANCES TO THE STATEMENT OF NET POSITION June 30, 2023
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	General Fund	Road Tax Fund	Municipal Road Aid Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 568,103	\$ 101,757	\$ 25,809	\$ 695,669
Accounts receivable	-	-	6,115	6,115
Insurance and payroll tax receivable	35,343	-	-	35,343
Taxes and fees receivable	3,734	-	-	3,734
Due from other funds		1,060	-	1,060
Total Assets	<u>\$ 607,180</u>	<u>\$ 102,817</u>	<u>\$ 31,924</u>	<u>\$ 741,921</u>
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ 13,831	\$ 6,960	\$ -	\$ 20,791
Deferred revenues	46,094	-	-	46,094
Due to other funds	1,060	-	-	1,060
Total Liabilities	<u>60,985</u>	<u>6,960</u>	<u>-</u>	<u>67,945</u>
Fund Balances				
Municipal road aid fund - restricted	-	-	31,924	31,924
Road loan fund - committed	-	95,857	-	95,857
General fund - unassigned	546,195	-	-	546,195
Total Fund Balances	<u>546,195</u>	<u>95,857</u>	<u>31,924</u>	<u>673,976</u>
Total Liabilities and Fund Balances	<u>\$ 607,180</u>	<u>\$ 102,817</u>	<u>\$ 31,924</u>	<u>\$ 741,921</u>
Reconciliation of Fund Balances to the Statement of Net Position				
Total governmental fund balances				\$ 673,976
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets of \$2,129,079 net of accumulated depreciation of \$1,057,365 used in governmental activities are not financial resources and, therefore, are not reported in the funds.				1,071,714
Receivables not received within 60 days are not available for governmental fund reporting, but are recognized in the statement of activities, net of allowance for doubtful accounts.				41,392
Net position of governmental activities				<u>\$ 1,787,082</u>

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

CITY OF BROMLEY, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General Fund	Road Tax Fund	Municipal Road Aid Fund	Total Governmental Funds
Revenues				
Taxes				
Property	\$ 120,424	\$ 40,218	\$ -	\$ 160,642
Payroll	41,326	-	-	41,326
Gross receipts	59,342	-	-	59,342
Insurance premium	100,132	-	-	100,132
Licenses	46,901	-	-	46,901
Franchise fees	33,600	-	-	33,600
Fines and penalties	7,282	-	-	7,282
Charges for services	11,701	-	-	11,701
Intergovernmental revenue	178,446	-	15,600	194,046
Interest income	3,412	-	-	3,412
Total Revenues	<u>602,566</u>	<u>40,218</u>	<u>15,600</u>	<u>658,384</u>
Expenditures				
Legislative & administrative	123,755	-	-	123,755
Public safety	100,000	-	-	100,000
Fire safety	69,364	-	-	69,364
Public works	26,498	43,397	14,294	84,189
Utilities	24,276	-	-	24,276
Parks	81,592	-	-	81,592
Capital outlay	468,629	-	-	468,629
Total Expenditures	<u>894,114</u>	<u>43,397</u>	<u>14,294</u>	<u>951,805</u>
Other Financing Sources (Uses)				
Transfers in	-	13,450	-	13,450
Transfers out	-	-	(13,450)	(13,450)
Total Other Financing Sources (Uses)	<u>-</u>	<u>13,450</u>	<u>(13,450)</u>	<u>-</u>
Excess of Revenues Over Expenditures	(291,548)	10,271	(12,144)	(293,421)
Fund Balances Beginning of Year	<u>837,743</u>	<u>85,586</u>	<u>44,068</u>	<u>967,397</u>
Fund Balances End of Year	<u>\$ 546,195</u>	<u>\$ 95,857</u>	<u>\$ 31,924</u>	<u>\$ 673,976</u>

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

CITY OF BROMLEY, KENTUCKY RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended June 30, 2023

Net change in fund balances-total governmental funds	\$ (293,421)
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Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets
is allocated over their estimated useful lives as depreciation expense:

Capital assets capitalized	550,032
Depreciation expense	(105,523)

Revenues not available during the current period, within 60 days after year end, are not recognized in the funds, but are recognized in the statement of activities.	<u>3,954</u>
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Change in net position of governmental activities	<u><u>\$ 155,042</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF BROMLEY, KENTUCKY NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Bromley, Kentucky (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Reporting Entity

The City of Bromley operates under a Mayor and Council form of government. The City is governed by an elected mayor and six council members. As required by generally accepted accounting principles these financial statements present the primary government. There are no component units or entities of which the government is considered to be financially accountable.

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for all of the non-fiduciary activities of the primary government. Generally, the effect of the inter-fund activity has been removed from these statements. Governmental activities, which are generally supported by taxes and City general revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expense and program revenues associated with a distinct functional activity. Program revenues include: charges for services, which report fees, fines and forfeitures, and other charges to users of the City's services; and operating grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. Program revenues are subject to externally imposed restrictions and are to be applied only to related program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditures.

Fund Financial Statements

Fund financial statements, as applicable, are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

CITY OF BROMLEY, KENTUCKY NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2023

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements reflect the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. If applicable, the proprietary and fiduciary fund financial statements and financial statements of City component units also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied. Grants and similar items are recognized as revenues when grantor eligibility requirements are met.

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 considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only in the year when payment is due.

Major revenue sources where accrual is most likely to occur include property taxes, insurance premium taxes and payroll/gross receipts license fees.

If applicable, operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

Fund Types

The City reports the following governmental funds:

General Fund

This fund is the government's primary operating fund. This fund accounts for all financial resources of the general government not accounted for in another fund.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. Currently, the City maintains the following special revenue funds:

- *Road Tax Fund* – to account for the receipt and disbursement of restricted funds for road repairs within the City in accordance with the City's road tax ordinance. This is a major fund of the City.

CITY OF BROMLEY, KENTUCKY NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2023

- *Municipal Road Aid Fund* – to account for the receipt and disbursement of restricted funds in accordance with Kentucky Revised Statutes for the Kentucky Municipal Road Aid Fund. This is a non-major fund of the City.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an initial maturity date within three months of the date acquired by the City.

The City is authorized by state statute to invest in:

1. Obligations of the United States and of its agencies and instrumentalities.
2. Certificates of deposit.
3. Bankers' acceptances.
4. Commercial paper.
5. Bonds of other state or local governments.
6. Mutual funds.

All accounts held are insured under the FDIC insurance program and amounts held in excess of the FDIC coverage are covered by collateral.

Inter-fund Receivables/Payables

During the course of operations, it is possible for transactions to occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Inventories and Prepaid Items

If applicable, inventories in the governmental funds consist of expendable supplies held for consumption stated on a first in, first out basis. They are reported at cost, which are recorded as expenditures at the time individual inventory items are used.

Prepaid items record payments to vendors that benefit future reporting periods. Both inventories and prepaid items are similarly reported in government-wide and fund financial statements.

Capital Assets

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and are comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. General capital assets are reported in the governmental activities column of the government-wide statement of net position. If applicable, capital assets used by the proprietary fund are reported in the business-type activities column of the government-wide statement of net position.

CITY OF BROMLEY, KENTUCKY NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2023

All fixed assets are valued at historical cost or historical estimated cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

The City has elected to capitalize assets with a cost of \$5,000 or more. Capital assets are depreciated using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective statement of net position. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	40 years
Building Improvements	10-20 years
Public Domain Infrastructure	25-40 years
Vehicles	5-10 years
Furniture and Equipment	3-5 years

Long-Term Debt

In the government-wide financial statements outstanding debt is reported as a liability. The governmental fund financial statements recognize the proceeds of debt as other financing sources of the current period. Payments of principal and interest are reported as expenditures.

Budget

The City approves and maintains an annual budget for each of its funds. The budget is a useful tool for measuring anticipated revenues and expenditures of each fund from year to year.

Fund Equity

Net position is the difference between assets and liabilities. Net position invested in capital assets, net of related debt, is capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets.

In the fund financial statements, fund balances have different classifications based upon their purposes, under GASB 54. The fund balance of the general fund is classified as *unassigned*, which represents funds not classified as non-spendable, committed, restricted, or assigned. The fund balance of the Municipal Road Aid Fund, a special revenue fund, is classified as *restricted*, as funds are externally restricted by the agency providing funding. The fund balance of the Road Tax Fund, another special revenue fund, is classified as *committed*, as these funds have a specific purpose that has been designated internally. Council is the highest level of authority at the City, and by ordinance can make changes to committed funds.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could differ from those estimates.

CITY OF BROMLEY, KENTUCKY NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2023

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) In accordance with City code, prior to June 1, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- 2) Public hearings are conducted to obtain taxpayer comment.
- 3) Prior to June 30, the budget is legally enacted through passage of an ordinance.
- 4) The Mayor is required by Kentucky Revised Statutes to present a quarterly report to the City Council explaining any variance from the approved budget.
- 5) Appropriations continue in effect until a new budget is adopted.
- 6) The City Council may authorize supplemental appropriations during the year.

Expenditures may not legally exceed budgeted appropriations at the function level. Any revisions to the budget that would alter total revenues and expenditures of any fund must be approved by the council.

NOTE C – CONCENTRATION OF CREDIT RISK

The City's deposits at June 30, 2023 were partially secured by Federal Depository Insurance. Deposits in excess of the Federal Depository Insurance limit are to be collateralized with securities held by the bank, its trust department, or by its agent, but not in the City's name. The carrying amount of the City's deposits with two separate financial institutions at June 30, 2023 was \$695,669. Of the total bank balance at each bank was insured up to \$500,000 by the Federal Depository Insurance Corporation (FDIC). The remaining bank balance is secured by pledged securities.

Kentucky Revised Statutes authorize cities 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, deposits in national or state-chartered banks insured by federal agencies, repurchase agreements, and larger amounts in institutions providing such banks pledge as security obligations of the United States government or its agencies.

NOTE D – RECEIVABLES

Property values are assessed as of January 1. Taxes are levied on October 1 and are due and payable on or before December 31. The property taxes are billed and collected by the Kenton County Sheriff. The portion payable to the City is remitted on a monthly basis. An adjustment is made at June 30 to recognize property taxes levied during the year which are still receivable at year end.

CITY OF BROMLEY, KENTUCKY NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2023

NOTE E – CAPITAL ASSETS AND DEPRECIATION

The following is a summary of changes in capital assets during the year ended June 30, 2023:

Asset Type	(Restated) June 30, 2022	Additions	Deletions	June 30, 2023
Land	\$ 224,411	\$ -	\$ -	\$ 224,411
Construction in progress	34,538	69,414	(103,952)	-
Buildings and equipment	613,978	-	-	613,978
Improvements and parks	59,225	475,823	(27,899)	507,149
Infrastructure	611,430	108,747	-	720,177
Vehicles	63,364	-	-	63,364
Subtotal	1,606,946	653,984	(131,851)	2,129,079
Less: Accumulated depreciation	(979,741)	(105,523)	27,899	(1,057,365)
Total	<u>\$ 627,205</u>	<u>\$ 548,461</u>	<u>\$ (103,952)</u>	<u>\$ 1,071,714</u>

Current year depreciation expense was charged to functions as follows:

Governmental Activities	
Legislative and administrative	\$ 82,714
Highways and streets	22,809
Total depreciation, governmental activities	<u>\$ 105,523</u>

NOTE F – CLAIMS AND JUDGMENTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

NOTE G – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and/or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has effectively managed risk through various employee education and prevention programs.

NOTE H – ECONOMIC DEPENDENCY

The City receives approximately 21.34% of its general fund revenues from insurance premium taxation. If legislation were enacted to disallow this tax, the operations of the City would be heavily impacted.

CITY OF BROMLEY, KENTUCKY NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2023

NOTE I – AMERICAN RECOVERY PLAN ACT FUNDING

In response to the COVID-19 Global Pandemic, the City qualified and was approved for \$209,997 in Federal American Recovery Plan Act (ARPA) funding passed through the Commonwealth of Kentucky's Department for Local Government. This funding has been designated to reimburse the City for lost revenues and ongoing public service projects. The City received \$209,997 of ARPA funds and recognized \$98,043 these funds as intergovernmental grant revenue in fiscal year 2022 and the remaining balance of \$111,954 as intergovernmental grant revenue, with related grant expenditures, in fiscal year 2023.

NOTE J – PRIOR PERIOD ADJUSTMENT

The beginning net position of the Governmental Activities in the government-wide Statement of Net Position has been restated to record a prior period adjustment to record additional construction in progress related to the Shelby Street catch basin project.

NOTE K – SUBSEQUENT EVENTS

The City's management has evaluated and considered the need to recognize or disclose subsequent events through June 20, 2024, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the year ended June 30, 2023, have not been evaluated by the City's management.

Required Supplementary Information

CITY OF BROMLEY, KENTUCKY
BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL - GENERAL FUND
For the Year Ended June 30, 2023

	Budgeted Amounts				Variance with Final Budget Favorable (Unfavorable)
	Original	Revisions	Final	Actual	
Budgetary fund balance, July 1	\$ 155,918	\$ 307,700	\$ 463,618	\$ 837,743	\$ 374,125
Resources (inflows)					
Taxes	216,250	-	216,250	321,224	104,974
Licenses	19,000	-	19,000	46,901	27,901
Fees	22,000	-	22,000	33,600	11,600
Fines and penalties	900	5,000	5,900	7,282	1,382
Intergovernmental revenue	247,717	41,500	289,217	178,446	(110,771)
General revenue	9,100	-	9,100	11,701	2,601
Interest income	500	-	500	3,412	2,912
Miscellaneous	500	-	500	-	(500)
Amounts available for appropriation	671,885	354,200	1,026,085	1,440,309	414,224
Charges to appropriations (outflows)					
Legislative & administrative	147,120	4,300	151,420	123,755	27,665
Public safety	100,000	-	100,000	100,000	-
Fire safety	69,450	-	69,450	69,364	86
Public works	27,820	12,300	40,120	26,498	13,622
Utilities	11,200	6,600	17,800	24,276	(6,476)
Grants	278,295	-	278,295	180,079	98,216
Parks	36,500	(25,000)	11,500	81,592	(70,092)
Capital improvement	7,000	356,000	363,000	288,550	74,450
Total charges to appropriations	677,385	354,200	1,031,585	894,114	137,471
Interfund transfers, net	5,500	-	5,500	-	(5,500)
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 546,195	\$ 546,195

CITY OF BROMLEY, KENTUCKY**BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL - ROAD TAX FUND****For the Year Ended June 30, 2023**

	Budgeted Amounts				Variance with Final Budget Favorable (Unfavorable)
	Original	Revisions	Final	Actual	
Budgetary fund balance, July 1	\$ 3,000	\$ -	\$ 3,000	\$ 85,586	\$ 82,586
Resources (inflows)					
Road tax income	36,000	-	36,000	40,218	4,218
Amounts available for appropriation	39,000	-	39,000	125,804	86,804
Charges to appropriations (outflows)					
Contractual services	30,000	-	30,000	35,660	(5,660)
Miscellaneous	1,000	-	1,000	-	1,000
Signs, curbs, sidewalks	8,000	-	8,000	7,737	263
Total charges to appropriation	39,000	-	39,000	43,397	(4,397)
Interfund tranfers, net	-	-	-	13,450	13,450
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 95,857	\$ 95,857

Other Supplementary Information

CITY OF BROMLEY, KENTUCKY BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL - MUNICIPAL AID FUND For the Year Ended June 30, 2023

	Budgeted Amounts				Variance with Final Budget Favorable (Unfavorable)
	Original	Revisions	Final	Actual	
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ 44,068	\$ 44,068
Resources (inflows)					
Intergovernmental	15,000	-	15,000	15,600	600
Amounts available for appropriation	15,000	-	15,000	59,668	44,668
Charges to appropriations (outflows)					
Contractual services	8,500	-	8,500	14,294	(5,794)
Miscellaneous	1,000	-	1,000	-	1,000
Repairs and maintenance	5,500	-	5,500	-	5,500
Total charges to appropriation	15,000	-	15,000	14,294	706
Interfund transfers, net	-	-	-	(13,450)	(13,450)
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 31,924	\$ 31,924



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**INDEPENDENT AUDITORS' 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**

**Honorable Mayor
Members of City Council
City of Bromley, Kentucky**

We 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, each major fund and the aggregate remaining fund information of the City of Bromley, Kentucky (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, and have issued our report thereon dated June 20, 2024.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion 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 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.

Report on Compliance and Other Matters

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

Bramel & Ackley, P.S.C.

Ft. Wright, KY
June 20, 2024