CITY OF BROMLEY, KENTUCKY

FINANCIAL STATEMENTS

Year Ended June 30, 2021

WITH

Independent Auditor's Report

CITY OF BROMLEY, KENTUCKY

FINANCIAL STATEMENTS

Year Ended June 30, 2021

TABLE OF CONTENTS

	Page
Introductory Seciton	
City Officials	1
Financial Section	
Independent Auditors' Report	2 - 3
Management's Discussion and Analysis	4 - 7
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet - Governmental Funds and Reconciliation of Fund Balances to the Statement of Net Position	10
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Notes to Financial Statements	13 - 19
Required Supplementary Information:	
Budgetary Comparison Schedule - Budget to Actual - General Fund	20
Supplementary Information:	
Combining Balance Sheet - Special Revenue Funds	21
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Special Revenue Funds	22
Budgetary Comparison Schedule - Budget to Actual - Municipal Aid Fund	23
Budgetary Comparison Schedule - Budget to Actual - Road Tax Fund	24
Budgetary Comparison Schedule - Budget to Actual - Main Street Fund	25
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*	26 - 27

CITY OF BROMLEY, KENTUCKY

CITY OFFICIALS

Year Ended June 30, 2021

Mayor

Mike Denham

List of Council Members

Reagan France	Mike Kendall
David Radford	Dianne Wartman
Matthew Wartman	Tim Wartman

City Clerk

Gail Smith

City Accountants

Chamberlin Owen & Co., Inc.

City Attorney

R. Kim Vocke

BRAMEL & ACKLEY, PSC

Certified Public Accountants and Business Advisors

859-341-6700
1-877-585-6454
Fax 859-578-3542
info@bramelackley.com

www.bramelackley.com
1885 Dixie Highway,
Suite 310
Ft. Wright, Kentucky 41011

INDEPENDENT AUDITORS' REPORT

Honorable Mayor
Members of City Council
City of Bromley, Kentucky

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 entity'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 entity'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, each major fund, and the aggregate remaining fund information of the City of Bromley, Kentucky, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bromley, Kentucky's basic financial statements. The combining statements – special revenue funds and budgetary comparison schedules – special revenue funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements – special revenue funds and budgetary comparison schedules – special revenue funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 to 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 combining statements – special revenue funds and budgetary comparison schedules – special revenue funds are 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 December 31, 2021 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, KY
December 31, 2021

CITY OF BROMLEY, KENTUCKY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2021

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 8.

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 four funds: a general fund and three special revenue funds, Municipal Road Aid, Road Tax Fund, and Main Street Project.

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.

COVID-19 Global Pandemic

Due to the effects of the COVID-19 Global Pandemic, the City has experienced a reduction in payroll and occupational license tax revenue received and a slight increase in unbudgeted expenses for personal protective equipment. While there is no known timeline for when, or if, these revenues and expenses will return to pre-pandemic levels, the City feels that the general operations of the City can be effectively maintained throughout the FY 2021-22. The 2021-22 fiscal year budget has been passed to incorporate the effects of the pandemic on the revenues and expenses.

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 $1,390,675 at June 30, 2021. This is a $273,351 increase over 2020.

Table 1 – Net Position

	2021	2020
Current assets	$ 1,107,812	$ 902,638
Capital assets, net	354,334	346,319
Total assets	1,462,146	1,248,957
Current liabilities	71,471	131,633
Total liabilities	71,471	131,633
Net investment in capital assets	354,334	346,319
Unrestricted	1,036,341	771,005
Total net position	$ 1,390,675	$ 1,117,324

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.

Governmental Activities

The following represents a summary of the City's revenue and expense for the fiscal years ended June 30, 2021 and 2020.

Table 2 – Governmental Activities – The Change in Net Position

	2021	2020
Revenues		
Charges for services	$ 2,545	$ 2,144
Operating grants and contributions	145,185	25,588
General Revenues		
Taxes	416,088	342,534
Licenses and permits	17,663	16,142
House bill 413 income	3,562	2,897
Franchise fees	17,440	45,648
Fines	19,364	1,616
Unrestricted investment earnings	3,651	5,927
Rental income	7,700	4,650
Miscellaneous	65,757	15,132
Total revenues	698,955	462,278
Expenses		
Legislative and administrative	166,620	131,036
Public safety	100,000	100,000
Fire safety	61,753	75,728
Public works and utilities	79,181	59,966
Parks	18,050	46,490
Interest	-	322
Total expenses	425,604	413,542
Excess of revenues over expenditures	$ 273,351	$ 48,736

Capital Assets and Debt Service

At June 30, 2021, the City had $354,334 invested in various capital assets, including land, buildings, infrastructure and equipment. Depreciation expense totaled $14,054. The changes in capital assets are summarized in Note E in the Notes to the Financial Statements.

At June 30, 2021, the City has no short or long-term debt.

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

During 2020-21, the City experienced an increase in revenues of $236,677 and an increase in operating costs of $12,062. The majority of the increase in revenues is due to a $50,350 CARES Act grant received as a reimbursement for police contract services, and a $60,925 settlement from the Bromley Volunteer Fire Department. General Fund actual revenues were over budgeted revenues by $121,560 for the same reasons as above. General Fund actual expenditures were under budget by $194,847 due to $150,000 budgeted grants not being spent and $46,204 in planned parks upgrades that were not made. The City has adequate contingency funds to address any non-catastrophic unforeseen conditions and events. The fiscal year 2022 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, 2021

	Governmental Activities
Assets	
Cash and cash equivalents	$ 894,149
Accounts receivable	54,352
Insurance premium tax receivable	30,701
Taxes and fees receivable	64,350
Prepaid expenses	64,260
Capital assets, net of depreciation	354,334
Total Assets	1,462,146
Liabilities	
Accounts payable	20,516
Deferred revenue	50,955
Total Liabilities	71,471
Net Position	
Net investment in capital assets	354,334
Unrestricted	1,036,341
Total Net Position	$ 1,390,675

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

CITY OF BROMLEY, KENTUCKY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Primary Government					
Legislative and administrative	$ 166,620	$ -	$ 50,850	$ -	$ (115,770)
Public safety	100,000	-	-	-	(100,000)
Fire safety	61,753	-	-	-	(61,753)
Public work	79,181	-	94,335	-	15,154
Sanitation	-	2,545	-	-	2,545
Parks	18,050	-	-	-	(18,050)
Total Primary Government	$ 425,604	$ 2,545	$ 145,185	$ -	(277,874)
General revenues					
Taxes					
Property taxes, levied for general purposes					198,043
Insurance premium taxes, levied for general purposes					98,559
Payroll/gross receipts taxes, levied for general purposes					119,486
Fines and forfeits on delinquent taxes and waste fees					19,364
Franchise fees					17,440
Licenses and permit fees					17,663
House bill 413 income					3,562
Unrestricted investment earnings					3,651
Rental icnome					7,700
Miscellaneous					65,757
Total general revenues and special items					551,225
Change in net position					273,351
Net position, beginning					1,117,324
Net position, ending					$ 1,390,675

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, 2021

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 618,701	$ 275,448	$ 894,149
Accounts receivable	9,142	45,210	54,352
Insurance premium tax receivable	30,701	-	30,701
Taxes and fees receivable	35,768	-	35,768
Prepaid expenses	-	64,260	64,260
Due from other funds	183,800	184	183,984
Total Assets	$ 878,112	$ 385,102	$ 1,263,214
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 20,516	$ -	$ 20,516
Deferred revenues	50,954	-	50,954
Due to other funds	184	183,800	183,984
Total Liabilities	71,654	183,800	255,454
Fund Balances			
General fund - restricted	14,208	-	14,208
Municipal road aid fund - restricted	-	39,625	39,625
Road loan fund - committed	-	106,161	106,161
Main street fund - committed	-	55,516	55,516
General fund - unassigned	792,250	-	792,250
Total Fund Balances	806,458	201,302	1,007,760
Total Liabilities and Fund Balances	$ 878,112	$ 385,102	$ 1,263,214

Reconciliation of Fund Balances to the Statement of Net Position

Total governmental fund balances	$ 1,007,760
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of $1,300,973, net of accumulated depreciation of $946,639 used in governmental activities are not financial resources and, therefore, are not reported in the funds.	354,334
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.	28,581
Net position of governmental activities	$ 1,390,675

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
Year Ended June 30, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes			
Property	$ 149,531	$ 51,855	$ 201,386
Payroll	26,166	-	26,166
Gross receipts	93,320	-	93,320
Insurance premium	98,559	-	98,559
Licenses	17,663	-	17,663
Franchise fees	17,440	-	17,440
Fines	19,364	-	19,364
General revenue	3,562	-	3,562
Charges for services	2,545	-	2,545
Intergovernmental revenue	50,850	94,335	145,185
Interest income	3,600	51	3,651
Rental income	7,700	-	7,700
Miscellaneous	65,757	-	65,757
Total Revenues	556,057	146,241	702,298
Expenditures			
Legislative & administrative	154,225	-	154,225
Public safety	100,000	-	100,000
Fire safety	61,753	-	61,753
Public works	34,050	64,110	98,160
Parks	18,050	-	18,050
Total Expenditures	368,078	64,110	432,188
Excess of Revenues Over Expenditures	187,979	82,131	270,110
Fund Balances Beginning of Year	618,479	119,171	737,650
Fund Balances End of Year	$ 806,458	$ 201,302	$ 1,007,760

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
Year Ended June 30, 2021

Net change in fund balances-total governmental funds	$ 270,110
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	22,069
Depreciation expense	(14,054)
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.	(4,774)
Change in net position of governmental activities	$ 273,351

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

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.

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 three special revenue funds. The Road Tax Fund is used to account for the receipt and disbursement of funds in accordance with the City's road tax ordinance. The City also maintains the Municipal Aid Fund, a special revenue fund to account for the receipt and disbursement of funds in accordance with Kentucky Revised Statutes for the Kentucky Municipal Aid Road Fund and a Main Street Fund which will use general fund monies and a grant from the Kentucky Transportation Cabinet for improvements to portions the City's Main Street.

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.

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.

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. The net investment in capital assets 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 majority of the fund balance of the general fund is classified as *unassigned,* which represents funds not classified as non-spendable, committed, restricted, or assigned. A small portion of the general fund is classified as restricted, as funds are externally restricted by the agency providing the funds. 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 and Main Street Project, two other special revenue funds, are 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.

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, 2021 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, it trust department, or by it agent, but not in the City's name. The carrying amount of the City's deposits with financial institutions at June 30, 2021 was $894,149 and the bank balance was $894,379. Of the total bank balance, $500,000 was insured by the Federal Depository Insurance Corporation (FDIC). With the exception of $47,158, 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.

NOTE E – CAPITAL ASSETS AND DEPRECIATION

The following is a summary of changes in capital assets during the year ended June 30, 2021:

Asset Type	June 30, 2020	Additions	Deletions	June 30, 2021
Land	$ 224,411	$ -	$ -	$ 224,411
Construction in progress	43,000	22,069	-	65,069
Buildings and equipment	673,203	-	-	673,203
Infrastructure	325,790	-	-	325,790
Vehicles	12,500	-	-	12,500
Subtotal	1,278,904	22,069	-	1,300,973
Less: Accumulated depreciation	(932,585)	(14,054)	-	(946,639)
Total	$ 346,319	$ 8,015	$ -	$ 354,334

Current year depreciation expense was charged to functions as follows:

Governmental Activites	
Legislative and administrative	$ 10,964
Highways and streets	3,090
Total depreciation, governmental activities	$ 14,054

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 18% 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.

NOTE I – COVID-19 GLOBAL PANDEMIC

The primary effects on the City from the COVID-19 Global Pandemic has been a reduction in payroll and occupational license tax revenue received and a slight increase in unbudgeted expenses for personal protective equipment. City management is unsure of a timeline for when, or if, these revenues and expenses will return to pre-pandemic levels. The 2021-22 fiscal year budget has been passed to incorporate the effects of the pandemic on the revenues and expenses.

NOTE J – CARES ACT FUNDING

In response to the COVID-19 Global Pandemic, the City has qualified and been approved for $50,350 in Federal CARES Act funding passed through the Commonwealth of Kentucky's Department for Local Government. This funding has been designated to reimburse the City for payroll expenses for public safety employees during the pandemic. The City has public service contracts with neighboring cities for fire and police protection which have been approved for reimbursement up to $50,350. The City received and recognized these funds as intergovernmental grant revenue in the current fiscal year.

NOTE K – SUBSEQUENT EVENTS

The City's management has evaluated and considered the need to recognize or disclose subsequent events through December 31, 2021 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, 2021, have not been evaluated by the City's management.

The City received its first portion of the federally funded American Recovery Plan Act (ARPA) grant in the amount of $103,195 in July 2021. These funds are designated for specific uses, and any amount unused by December 31, 2024, will need to be returned.

CITY OF BROMLEY, KENTUCKY
BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL - GENERAL FUND
Year Ended June 30, 2021

	Budgeted Amounts				Variance with Final Budget Favorable
	Original	Revisions	Final	Actual	(Unfavorable)
Budgetary fund balance, July 1	$ 128,428	$ -	$ 128,428	$ 618,479	$ 490,051
Resources (inflows)					
Taxes	259,222	-	259,222	367,576	108,354
Licenses	14,200	-	14,200	17,663	3,463
Franchise fees	70,000	-	70,000	17,440	(52,560)
Fines	1,500	-	1,500	19,364	17,864
General revenue	3,000	-	3,000	3,562	562
Charges for services	1,500	-	1,500	2,545	1,045
Intergovernmental	75,000	-	75,000	50,850	(24,150)
Interest income	300	-	300	3,600	3,300
Rental income	8,400	-	8,400	7,700	(700)
Miscellaneous	1,375	-	1,375	65,757	64,382
Amounts available for appropriation	562,925	-	562,925	1,174,536	611,611
Charges to appropriations (outflows)					
Legislative & administrative	148,370	-	148,370	154,225	(5,855)
Public safety	100,000	-	100,000	100,000	-
Fire safety	66,911	-	66,911	61,753	5,158
Public works	28,390	-	28,390	27,571	819
Grants	150,000	-	150,000	-	150,000
Parks	64,254	-	64,254	18,050	46,204
Capital outlay	5,000	-	5,000	6,479	(1,479)
Total charges to appropriations	562,925	-	562,925	368,078	194,847
Budgetary fund balance, June 30	$ -	$ -	$ -	$ 806,458	$ 806,458

CITY OF BROMLEY, KENTUCKY
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
June 30, 2021

	Municipal Road Aid	Road Tax Fund	Main Street Project	Total Special Revenue Funds
Assets				
Cash and cash equivalents	$ 37,948	$ 92,608	$ 144,892	$ 275,448
Accounts receivable	1,677	13,369	30,164	45,210
Prepaid expenses	-	-	64,260	64,260
Due from General Fund	-	184	-	184
Total Assets	$ 39,625	$ 106,161	$ 239,316	$ 385,102
Liabilities and Fund Balances				
Liabilities				
Due to General Fund	$ -	$ -	$ 183,800	$ 183,800
Total Liabilities	-	-	183,800	183,800
Fund Balances				
Restricted	39,625	-	-	39,625
Committed	-	106,161	55,516	161,677
Total Fund Balances	39,625	106,161	55,516	201,302
Total Liabilities and Fund Balances	$ 39,625	$ 106,161	$ 239,316	$ 385,102

CITY OF BROMLEY, KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - SPECIAL REVENUE FUNDS
Year Ended June 30, 2021

	Municipal Road Aid	Road Tax Fund	Main Street Project	Total Special Revenue Funds
Revenues				
Intergovernmental	$ 15,800	$ -	$ 78,535	$ 94,335
Road tax	-	51,855	-	51,855
Interest	-	-	51	51
Total Revenues	15,800	51,855	78,586	146,241
Expenditures				
Current				
Contractural services	10,181	14,605	22,069	46,855
Signs, curbs, sidewalks,	-	17,255	-	17,255
Total Expenditures	10,181	31,860	22,069	64,110
Excess of Revenues Over Expenditures	5,619	19,995	56,517	82,131
Fund Balances, Beginning of Year	34,006	86,166	(1,001)	119,171
Fund Balances, End of Year	$ 39,625	$ 106,161	$ 55,516	$ 201,302

CITY OF BROMLEY, KENTUCKY
BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL - MUNICIPAL AID FUND
Year Ended June 30, 2021

	Budgeted Amounts				Variance with Final Budget Favorable
	Original	Revisions	Final	Actual	(Unfavorable)
Budgetary fund balance, July 1	$ 5,836	$ -	$ 5,836	$ 34,006	$ 28,170
Resources (inflows)					
Intergovernmental	12,217	-	12,217	15,800	3,583
Amounts available for appropriation	18,053	-	18,053	49,806	31,753
Charges to appropriations (outflows)					
Contractual services	17,836	-	17,836	10,181	7,655
Miscellaneous	1,000	-	1,000	-	1,000
Repairs and maintenance	1,000	-	1,000	-	1,000
Total charges to appropriation	19,836	-	19,836	10,181	9,655
Budgetary fund balance, June 30	$ (1,783)	$ -	$ (1,783)	$ 39,625	$ 41,408

CITY OF BROMLEY, KENTUCKY
BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL - ROAD TAX FUND
Year Ended June 30, 2021

	Budgeted Amounts				Variance with Final Budget Favorable
	Original	Revisions	Final	Actual	(Unfavorable)
Budgetary fund balance, July 1	$ -	$ -	$ -	$ 86,166	$ 86,166
Resources (inflows)					
Road tax income	32,036	6,237	38,273	51,855	13,582
Amounts available for appropriation	32,036	6,237	38,273	138,021	99,748
Charges to appropriations (outflows)					
Contractual services	10,700	3,905	14,605	14,605	-
Signs, curbs, sidewalks	-	17,255	17,255	17,255	-
Total charges to appropriation	10,700	21,160	31,860	31,860	-
Budgetary fund balance, June 30	$ 21,336	$ (14,923)	$ 6,413	$ 106,161	$ 99,748

CITY OF BROMLEY, KENTUCKY
BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL - MAIN STREET FUND
Year Ended June 30, 2021

	Budgeted Amounts				Variance with Final Budget Favorable
	Original	Revisions	Final	Actual	(Unfavorable)
Budgetary fund balance, July 1	$ -	$ -	$ -	$ (1,001)	$ (1,001)
Resources (inflows)					
Intergovernmental	235,027	-	235,027	78,535	(156,492)
Interest income	-	-	-	51	51
Amounts available for appropriation	235,027	-	235,027	77,585	(157,442)
Charges to appropriations (outflows)					
Contractual services	235,027	-	235,027	22,069	212,958
Total charges to appropriation	235,027	-	235,027	22,069	212,958
Budgetary fund balance, June 30	$ -	$ -	$ -	$ 55,516	$ 55,516

BRAMEL & ACKLEY, PSC

Certified Public Accountants and Business Advisors

859-341-6700
1-877-585-6454
Fax 859-578-3542
info@bramelackley.com

www.bramelackley.com
1885 Dixie Highway,
Suite 310
Ft. Wright, Kentucky 41011

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 31, 2021.

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.

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
December 31, 2021