



LEGAL NOTICE

NOTICE
CITY OF CLARKSON
FISCAL YEAR 2022-2023 AUDIT

A copy of the FY2022-2023 City of Clarkson audit report, including financial statements and supplemental information, is on file at Clarkson City Hall at 213 Millerstown Street and is available for public inspection during normal business hours. Any citizen may request a copy of the audit report from City Hall for a charge of twenty-five cents per page. Copies of financial statements prepared in accordance with KRS 424.220 are available to the public at no cost and can be requested at 213 Millerstown Street during regular business hours.

Scotty Gore, City Clerk-Treasurer



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of
the City Commission
City of Clarkson, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clarkson, Kentucky (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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clarkson, Kentucky, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof 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, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Clarkson, Kentucky's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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 auditor's 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 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, 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 of Clarkson, Kentucky'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 of Clarkson, Kentucky'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 budgetary comparison information, pension and other post-employment benefit (OPEB) schedules, and notes to required supplementary information on pages 33 through 44 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.

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures – general fund 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 basic 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 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 schedule of expenditures – general fund 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 January 24, 2025 on our consideration of City of Clarkson, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Clarkson, 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 City of Clarkson, Kentucky's internal control over financial reporting and compliance.

Drane & Company, PLLC

Drane & Company, PLLC
Certified Public Accountants

Hardinsburg, Kentucky
January 24, 2025

CITY OF CLARKSON, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance from Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Property taxes	\$ 69,000	\$ 75,250	\$ 75,577	\$ 327
Utility taxes	40,000	38,993	41,263	2,270
Occupational taxes	165,000	160,000	158,776	(1,224)
Insurance premium tax	93,000	88,000	93,547	5,547
Motor vehicle tax	5,000	4,950	6,207	1,257
Telecommunications tax	6,155	6,090	6,089	(1)
Licenses and permits	5,500	5,250	4,638	(612)
Intergovernmental revenues	140,129	315,655	299,529	(16,126)
Donations	-	-	14,912	14,912
Charges for services	307,000	354,855	362,054	7,199
Interest income	-	-	78	78
Other revenues	6,000	31,988	11,612	(20,376)
Total Revenues	836,784	1,081,031	1,074,282	(6,749)
Expenditures				
Current:				
General government	518,489	649,804	302,755	347,049
Parks and recreation	96,500	143,625	98,679	44,946
Public safety				
Police	121,450	151,250	162,354	(11,104)
Fire	71,500	122,000	87,823	34,177
Sanitation	129,200	119,730	126,066	(6,336)
Capital outlay	4,941	4,941	314,049	(309,108)
Debt service:				
Principal	-	-	1,200	(1,200)
Total Expenditures	942,080	1,191,350	1,092,926	98,424
Excess (Deficiency) of Revenues Over Expenditures	(105,296)	(110,319)	(18,644)	91,675
Other Financing Sources (Uses)				
Proceeds from issuance of debt	-	-	21,000	21,000
Proceeds from sale of capital assets	-	-	16,200	16,200
Proceeds from insurance	-	-	3,018	3,018
Operating transfers in	48,000	48,000	48,000	-
Operating transfers out	(35,000)	(34,200)	(75,394)	(41,194)
Total Other Financing Sources (Uses)	13,000	13,800	12,824	(976)
Net Change in Fund Balance	(92,296)	(96,519)	(5,820)	90,699
Fund Balance - July 1, 2022	-	-	195,183	195,183
Fund Balance (Deficit) - June 30, 2023	\$ (92,296)	\$ (96,519)	\$ 189,363	\$ 285,882

CITY OF CLARKSON, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL ROAD AID FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance from Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Intergovernmental revenues	\$ 194,000	\$ 69,767	\$ 134,171	\$ 64,404
Interest income	-	-	4,837	4,837
Total Revenues	194,000	69,767	139,008	69,241
Expenditures				
Current:				
Streets	34,894	31,984	14,953	17,031
Capital outlay	175,000	56,762	120,187	(63,425)
Debt service:				
Principal	-	-	15,000	(15,000)
Interest	-	-	5,229	(5,229)
Total Expenditures	209,894	88,746	155,369	(66,623)
Excess (Deficiency) of Revenues Over Expenditures	(15,894)	(18,979)	(16,361)	2,618
Net Change in Fund Balance	(15,894)	(18,979)	(16,361)	2,618
Fund Balance - July 1, 2022	-	-	215,686	215,686
Fund Balance (Deficit) - June 30, 2023	\$ (15,894)	\$ (18,979)	\$ 199,325	\$ 218,304