

LEGAL NOTICE

CITY OF ST. MATTHEWS PUBLICATION OF FYE 06-30-15 AUDIT

Please take notice that in accordance with KRS 91A.040 the City of St. Matthews FYE 6-30-15 Audit Report, including financial statements and supplemental information, is on file at City Hall and is available for public inspection during normal business hours. Any citizen may obtain from city hall a copy of the complete audit report, including financial statements and supplemental information, for his personal use. Citizens requesting a personal copy of the city audit report will be charged for duplication costs at a rate of \$0.25 per page. Copies of the financial statement prepared in accordance with KRS 424.220 are available to the public at no cost at City Hall, 3940 Grandview Avenue, St. Matthews, KY.

CITY OF ST. MATTHEWS



Independent Auditor's Report

To the Mayor and Members of the City Council
City of St. Matthews, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of St. Matthews, Kentucky, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of St. Matthews, Kentucky's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of St. Matthews, Kentucky, as of June 30, 2015, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note O to the financial statements, during this fiscal year, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 36 through 43 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2016, on our consideration of the City of St. Matthews, 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 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 St. Matthews, Kentucky's internal control over financial reporting on compliance.

Stephens & Lawson, CPAs

Louisville, Kentucky
February 4, 2016

CITY OF ST. MATTHEWS, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND
JUNE 30, 2015

| | Original Budget | Revisions | Revised Budget | Total Actual | Variance |
|--|--------------------|-----------|-------------------|-------------------|-----------------|
| <u>REVENUES</u> | | | | | |
| Taxes: | | | | | |
| Property Taxes | | | | | |
| Tax Collections | \$ 2,000,000 | \$ - | \$ 2,000,000 | \$ 2,274,107 | \$ 274,107 |
| Penalties | - | - | - | 2,823 | 2,823 |
| Interest | - | - | - | 20,701 | 20,701 |
| Attorney Fees | - | - | - | 4,141 | 4,141 |
| Lien Fees | - | - | - | 1,424 | 1,424 |
| Occupational Taxes | | | | | |
| Tax Collections | 6,900,000 | - | 6,900,000 | 6,734,390 | (165,610) |
| Insurance Tax | 1,800,000 | - | 1,800,000 | 1,805,736 | 5,736 |
| Franchise Collections | | | | | |
| Cable Franchise | 112,000 | - | 112,000 | 113,495 | 1,495 |
| License and Permits: | | | | | |
| Business License | | | | | |
| License Collections | 500,000 | - | 500,000 | 505,070 | 5,070 |
| Sign Permits | 23,000 | - | 23,000 | 30,356 | 7,356 |
| Alcohol License Fee | 50,000 | - | 50,000 | 88,570 | 38,570 |
| Intergovernmental: | | | | | |
| Police Incentive | 130,000 | - | 130,000 | 129,868 | (132) |
| Law Enforcement Revenue | 30,000 | - | 30,000 | 22,956 | (7,044) |
| Coal & Mineral Income | 1,000 | - | 1,000 | 852 | (148) |
| Grants | - | - | - | 71,592 | 71,592 |
| Other: | | | | | |
| Narcotics Income | - | - | - | 23,179 | 23,179 |
| Fingerprinting Income | - | - | - | 7,249 | 7,249 |
| Parking Income | 3,000 | - | 3,000 | 4,908 | 1,908 |
| Police Report Fees | - | - | - | 10,502 | 10,502 |
| Miscellaneous Income | 10,000 | - | 10,000 | 68,032 | 58,032 |
| Vending Machine Income | - | - | - | 704 | 704 |
| Insurance Reimbursement and Refunds | - | - | - | 62,140 | 62,140 |
| Rentals: | | | | | |
| Municipal Property Rentals | 56,500 | - | 56,500 | 61,358 | 4,858 |
| Community Center Rentals | 10,000 | - | 10,000 | 25,725 | 15,725 |
| Interest Income | 9,500 | - | 9,500 | 2,863 | (6,637) |
| Total Revenues before Prior Year Fund Balance | <u>11,635,000</u> | <u>-</u> | <u>11,635,000</u> | <u>12,072,741</u> | <u>437,741</u> |
| Prior Year Fund Balance: | | | | | |
| Appropriated for Current Year Budget | 500,000 | - | 500,000 | - | (500,000) |
| Total Revenues and Prior Year Fund Balance | <u>12,135,000</u> | <u>-</u> | <u>12,135,000</u> | <u>12,072,741</u> | <u>(62,259)</u> |

CITY OF ST. MATTHEWS, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL -
GENERAL FUND - CONTINUED
JUNE 30, 2015

| | <u>Original Budget</u> | <u>Revisions</u> | <u>Revised Budget</u> | <u>Total Actual</u> | <u>Variance</u> |
|--|----------------------------|------------------|---------------------------|-------------------------|----------------------|
| <u>EXPENDITURES</u> | | | | | |
| General Government | 1,482,045 | - | 1,482,045 | 1,574,907 | (92,862) |
| Police Department | 5,526,562 | - | 5,526,562 | 5,659,139 | (132,577) |
| Public Works | 3,877,566 | - | 3,877,566 | 3,603,840 | 273,726 |
| Recreation | 1,273,827 | - | 1,273,827 | 1,334,999 | (61,172) |
| Total Expenditures | <u>12,160,000</u> | <u>-</u> | <u>12,160,000</u> | <u>12,172,885</u> | <u>(12,885)</u> |
| Excess of Revenue over Expenditures | (25,000) | - | (25,000) | (100,144) | (75,144) |
| OTHER FINANCING SOURCE AND (USES) | | | | | |
| Sale of Surplus Equipment | 25,000 | - | 25,000 | 31,676 | 6,676 |
| Total Other Financing Sources and (Uses) | <u>25,000</u> | <u>-</u> | <u>25,000</u> | <u>31,676</u> | <u>6,676</u> |
| Net Change in Fund Balances | - | - | - | (68,468) | (68,468) |
| Fund Balance, Beginning | <u>-</u> | <u>-</u> | <u>-</u> | <u>16,944,820</u> | <u>16,944,820</u> |
| Fund Balance, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 16,876,352</u> | <u>\$ 16,876,352</u> |

CITY OF ST. MATTHEWS, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET TO ACTUAL -
MUNICIPAL ROAD AID FUND
JUNE 30, 2015

| | <u>Original Budget</u> | <u>Revisions</u> | <u>Revised Budget</u> | <u>Total Actual</u> | <u>Variance</u> |
|--|----------------------------|------------------|---------------------------|-------------------------|---------------------|
| <u>REVENUES</u> | | | | | |
| Municipal Road Aid: | | | | | |
| Intergovernmental Revenue | \$ 400,000 | \$ - | \$ 400,000 | \$ 417,038 | \$ 17,038 |
| Interest Income | - | - | - | 755 | 755 |
| Total Revenues before Prior Year Fund Balance | <u>400,000</u> | <u>-</u> | <u>400,000</u> | <u>417,793</u> | <u>17,793</u> |
| Prior Year Fund Balance: | | | | | |
| Appropriated for Current Year Budget | - | - | - | - | - |
| Total Revenues and Prior Year Fund Balance | <u>400,000</u> | <u>-</u> | <u>400,000</u> | <u>417,793</u> | <u>17,793</u> |
| <u>EXPENDITURES</u> | | | | | |
| Municipal Road Aid | <u>285,000</u> | <u>-</u> | <u>285,000</u> | <u>213,205</u> | <u>71,795</u> |
| Excess of Revenue over Expenditures | 115,000 | - | 115,000 | 204,588 | 89,588 |
| Fund Balance, Beginning | - | - | - | 1,518,149 | 1,518,149 |
| Fund Balance, Ending | <u>\$ 115,000</u> | <u>\$ -</u> | <u>\$ 115,000</u> | <u>\$ 1,722,737</u> | <u>\$ 1,607,737</u> |