

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, 2017, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2017, 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.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules on pages 3 through 8 and 37 through 46 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 December 15, 2017, 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 and compliance.

Stephens & Lawson, CPAs

Louisville, Kentucky
December 15, 2017

**CITY OF ST. MATTHEWS, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GENERAL FUND
JUNE 30, 2017**

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
REVENUES					
Taxes:					
Property Taxes					
Tax Collections	\$2,650,000	\$ -	\$2,650,000	\$2,520,083	\$(129,917)
Occupational Taxes					
Tax Collections	7,200,000	-	7,200,000	7,398,821	198,821
Franchise collections					
Cable Franchise	112,000	-	112,000	120,327	8,327
License and Permits:					
Business License					
License Collections	500,000	-	500,000	490,019	(9,981)
Sign Permits	42,000	-	42,000	21,464	1,136
Alcohol License Fee	89,000	-	89,000	97,588	8,588
Intergovernmental					
Police Incentive	150,000	-	150,000	166,608	16,608
Law Enforcement Revenue	40,000	-	40,000	21,464	(18,536)
Coal and Mineral Revenue	1,300	-	1,300	1,144	(156)
Cost Sharing	-	-	-	30,000	30,000
Grants	-	-	-	9,442	9,442
Other:					
Narcotics Income	-	-	-	3,478	3,478
Fingerprint Income	-	-	-	5,094	5,094
Parking Income	5,500	-	5,500	4,841	(659)
Police Fines & Forfeitures	-	-	-	97	97
Police Report Fees	-	-	-	4,252	4,252
Miscellaneous Income	10,000	-	10,000	25,717	15,717
Vending Machine Income	-	-	-	824	824
Penalties and Interest	-	-	-	25,939	25,939
Rentals:					
Municipal Property Rentals	70,000	-	70,000	72,508	2,508
Community Center Rentals	17,500	-	17,500	30,400	12,900
Interest Income	3,500	-	3,500	22,364	18,864
Total Revenues before Prior					
Year Fund Balance	12,790,800	-	12,790,800	12,886,547	95,747
Prior Year Fund Balance					
Appropriated for Current Year Budget	3,133,234	-	3,133,234	-	(3,133,234)
Total Revenues and Prior					
Year Fund Balance	15,924,034	-	15,924,034	12,886,547	(3,037,487)
EXPENDITURES					
General Government	1,514,236	-	1,514,236	1,684,981	(170,745)
Public Safety	5,625,431	-	5,625,431	6,094,304	(441,873)
Public Works	3,822,907	-	3,822,907	3,490,464	332,443
Recreation	484,460	-	484,460	49,257	435,203
Capital Projects	4,500,000	-	4,500,000	343,869	4,156,131
Total Expenditures	15,974,034	-	15,974,034	11,662,875	4,311,159
Excess of Revenue Over(Under Expenditures	(50,000)	-	(50,000)	1,223,672	1,273,672
OTHER FINANCING SOURCE AND (USES)					
Sale of Surplus Equipment	50,000	-	50,000	17,500	(32,500)
Total Other Financing Sources and (uses)	50,000	-	50,000	17,500	(32,500)
Net Change in Fund Balances	-	-	-	1,241,172	1,241,172
Fund Balance, Beginning	-	-	-	18,148,405	18,148,405
Fund Balance, Ending	\$ -	\$ -	\$ -	\$19,389,577	\$19,389,577

**CITY OF ST. MATTHEWS, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - MUNICIPAL ROAD AID FUND
JUNE 30, 2017**

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
REVENUES					
Municipal Road Aid					
Intergovernmental Revenue	\$340,000	\$ -	\$340,000	\$351,063	\$11,063
Interest Income	1,000	-	1,000	2,931	1,931
Total Revenues before Prior					
Year Fund Balance	341,000	-	341,000	353,994	12,994
Prior Year Fund Balance					
Appropriated for Current Year Budget	446,000	-	446,000	-	(446,000)
Total Revenues Prior					
Year Fund Balance	787,000	-	787,000	353,994	(433,006)
EXPENDITURES					
Municipal Road Aid:					
Capital Projects	657,000	-	657,000	283,998	473,002
Salt	30,000	-	30,000	-	30,000
Street Resurfacing	100,000	-	100,000	633	99,367
Total Municipal Road Aid	787,000	-	787,000	184,631	602,369
Excess of Revenue over Expenditures	-	-	-	169,363	169,363
Fund Balance, Beginning	-	-	-	1,909,209	1,909,209
Fund Balance, Ending	\$ -	\$ -	\$ -	\$2,078,572	\$2,078,572