

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, 2018, 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 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 and each major fund of the City of St. Matthews, Kentucky, as of June 30, 2018, 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 N to the financial statements, during this fiscal year the City adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules, and OPEB schedules on pages 3 through 8 and 43 through 55 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 January 18, 2019, 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 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 St. Matthews, 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 St. Matthews, Kentucky's internal control over financial reporting on compliance.

*Stephens & Lawson, CPAs*

Louisville, Kentucky  
January 18, 2019

**CITY OF ST. MATTHEWS, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND**  
**JUNE 30, 2018**

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<b><u>REVENUES</u></b>					
Taxes:					
Property Taxes					
Tax Collections	\$ 2,800,000	\$ -	\$ 2,800,000	\$ 2,926,058	\$ 126,058
Occupational Taxes					
Tax Collections	8,400,000	-	8,400,000	7,833,219	(566,781)
Insurance Tax	1,800,000	-	1,800,000	1,822,477	22,477
Franchise Collections					
Cable Franchise	75,000	-	75,000	113,572	38,572
Bank Deposit Tax	-	-	-	257,003	257,003
License and Permits:					
Business License					
License Collections	500,000	-	500,000	509,362	9,362
Sign Permits	41,000	-	41,000	39,245	(1,755)
Solicitation Permits	-	-	-	120	120
Alcohol License Fee	89,000	-	89,000	108,621	19,621
Intergovernmental:					
Police Incentive	144,360	-	144,360	176,083	31,723
Law Enforcement Revenue	40,000	-	40,000	15,433	(24,567)
Coal and Mineral Revenue	1,300	-	1,300	1,256	(44)
Library Funding from Metro	1,000,000	-	1,000,000	-	(1,000,000)
Grants	10,000	-	10,000	12,994	2,994
Other:					
Narcotics Income	-	-	-	11,869	11,869
Fingerprinting Income	-	-	-	10,695	10,695
Parking Income	5,500	-	5,500	5,685	185
Police Fines and Forfeitures	-	-	-	1,585	1,585
Police Report Fees	-	-	-	4,980	4,980
Miscellaneous Income	32,000	-	32,000	14,069	(17,931)
Vending Machine Income	-	-	-	1,293	1,293
Insurance Proceeds	3,500	-	3,500	16,760	13,260
Penalties and Interest	-	-	-	35,882	35,882
Rentals:					
Municipal Property Rentals	68,000	-	68,000	74,275	6,275
Community Center Rentals	29,000	-	29,000	50,976	21,976
Interest Income	16,500	-	16,500	43,270	26,770
Total Revenues before Prior Year Fund Balance	<u>15,055,160</u>	<u>-</u>	<u>15,055,160</u>	<u>14,086,782</u>	<u>(968,378)</u>
Prior Year Fund Balance:					
Appropriated for Current Year Budget	<u>5,326,840</u>	<u>-</u>	<u>5,326,840</u>	<u>-</u>	<u>(5,326,840)</u>
Total Revenues and Prior Year Fund Balance	<u>20,382,000</u>	<u>-</u>	<u>20,382,000</u>	<u>14,086,782</u>	<u>(6,295,218)</u>

See the accompanying notes to the required supplementary information on budgetary reporting.

**CITY OF ST. MATTHEWS, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET TO ACTUAL -**  
**GENERAL FUND - CONTINUED**  
**JUNE 30, 2018**

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<b><u>EXPENDITURES</u></b>					
General Government	1,696,585	-	1,696,585	1,570,593	125,992
Public Safety	6,037,188	-	6,037,188	6,501,459	(464,271)
Public Works	3,730,227	-	3,730,227	3,406,909	323,318
Recreation	435,500	-	435,500	28,314	407,186
Capital Projects	8,500,000	-	8,500,000	5,001,011	3,498,989
Total Expenditures	20,399,500	-	20,399,500	16,508,286	3,891,214
Excess of Revenue Over (Under) Expenditures	(17,500)	-	(17,500)	(2,421,504)	(2,404,004)
<b>OTHER FINANCING SOURCE AND (USES)</b>					
Sale of Surplus Equipment	17,500	-	17,500	24,500	7,000
Total Other Financing Sources and (Uses)	17,500	-	17,500	24,500	7,000
Net Change in Fund Balances	-	-	-	(2,397,004)	(2,397,004)
Fund Balance, Beginning	-	-	-	19,389,577	19,389,577
Fund Balance, Ending	\$ -	\$ -	\$ -	\$ 16,992,573	\$ 16,992,573

See the accompanying notes to the required supplementary information on budgetary reporting.

**CITY OF ST. MATTHEWS, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET TO ACTUAL -**  
**MUNICIPAL ROAD AID FUND**  
**JUNE 30, 2018**

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<b><u>REVENUES</u></b>					
Municipal Road Aid:					
Intergovernmental Revenue	\$ 380,000	\$ -	\$ 380,000	\$ 352,447	\$ (27,553)
Interest Income	3,000	-	3,000	4,183	1,183
Total Revenues before Prior Year Fund Balance	<u>383,000</u>	<u>-</u>	<u>383,000</u>	<u>356,630</u>	<u>(26,370)</u>
Prior Year Fund Balance:					
Appropriated for Current Year Budget	<u>172,000</u>	<u>-</u>	<u>172,000</u>	<u>-</u>	<u>(172,000)</u>
Total Revenues and Prior Year Fund Balance	<u>555,000</u>	<u>-</u>	<u>555,000</u>	<u>356,630</u>	<u>(198,370)</u>
<b><u>EXPENDITURES</u></b>					
Municipal Road Aid:					
Capital Projects	265,000	-	265,000	61,871	203,129
Other Expenses	20,000	-	20,000	4,998	15,002
Street Resurfacing	120,000	-	120,000	143,874	(23,874)
Street Signs	150,000	-	150,000	-	150,000
Total Municipal Road Aid	<u>555,000</u>	<u>-</u>	<u>555,000</u>	<u>210,743</u>	<u>344,257</u>
Excess of Revenue over Expenditures	-	-	-	145,887	145,887
Fund Balance, Beginning	-	-	-	2,078,572	2,078,572
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,224,459</u>	<u>\$ 2,224,459</u>

See the accompanying notes to the required supplementary information on budgetary reporting.