

**CITY OF GLENVIEW, KENTUCKY**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2013**

**CITY OF GLENVIEW, KENTUCKY**  
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**Certified Public Accountants**

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**Independent Auditor's Report**

The Honorable Mayor and  
Commissioners of the City of  
Glenview, Kentucky

We have audited the accompanying financial statements of the governmental activities, and each major fund of the City of Glenview, Kentucky as of and for the year ended June 30, 2013, 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 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's 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 risk 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 and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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 Glenview, Kentucky at June 30, 2013, and the respective changes in financial position 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 on pages 3-5 and budgetary comparison information on page 19 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 *Governmental Auditing Standards*, we have also issued our report dated January 10, 2014 on our consideration of the City of Glenview, Kentucky's internal control over financial reporting and on our test 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 result 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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

*McIntyre's Woodbridge Ave*

Louisville, Kentucky

January 10, 2014

## MANGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2013

The management's discussion and analysis of the City of Glenview (the "City") financial statements provides an overview of the City's financial activities for the fiscal year ended June 30, 2013 and should be read in conjunction with the City's financial statements, which begin on Page 6.

### **Financial Highlights**

The financial statements included in this report provide insight into the financial status of the City for the year ending June 30, 2013. The total net position of the City increased \$147,842 and the unrestricted fund balance increased by \$131,159. The major revenue sources continue to be property taxes and insurance premium taxes. As a small city, we are required to audit our financial statements every two years.

### **Overview of the Financial Statements**

The discussion and analysis are intended to serve as an introduction to the City of Glenview's basic financial statements. These statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements are designed to provide readers with a broad overview of the City of Glenview's finances, in a manner similar to a private-sector business. The government-wide financial statements consist of a statement of net assets, and a statement of activities.

The statement of net position presents information on all of the City of Glenview 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 of Glenview is improving or deteriorating.

The statement of activities presents information showing how the government'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.

Government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues. The City of Glenview's activities include administration, law enforcement, public works and sanitation. The government-wide financial statements can be found on pages 6-7 of this report.

Fund financial statements are a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The basic government fund financial statements can be found on pages 8-9 of this report.

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. The notes to the financial statements can be found on pages 11-18 of this report.

### Government-wide Financial Analysis

	FYE'13 <u>Amount</u>	FYE'12 <u>Amount</u>	Increase <u>(Decrease)</u>
Cash and cash equivalents	\$ 635,861	\$ 499,462	\$ 136,399
Receivables	45,078	40,204	4,874
Capital assets, net	229,555	212,096	17,459
Cash, builder's bond	15,013	--	15,013
Total Assets	<u>\$ 925,507</u>	<u>\$ 751,762</u>	<u>\$ 173,745</u>
Accounts payable	\$ 20,117	\$ 9,227	\$ 10,890
Builder's bond liability	15,013	--	15,013
Total Liabilities	<u>\$ 35,130</u>	<u>\$ 9,227</u>	<u>\$ 25,903</u>
Investment in capital assets	\$ 229,555	\$ 212,096	\$ 17,459
Restricted for roads	1,268	2,044	(776)
Unrestricted	659,554	528,395	131,159
Total Net Position	<u>\$ 890,377</u>	<u>\$ 742,535</u>	<u>\$ 147,842</u>

The statement of net position as of June 30, 2013 shows that the City of Glenview has assets of \$925,507 with liabilities of \$35,130. Of the \$925,507 total assets, \$229,555 is comprised of capital assets, net of depreciation and \$45,078 of receivables.

Following is a comparative statement of activities.

	FYE'13 <u>Amount</u>	FYE'12 <u>Amount</u>	Increase <u>(Decrease)</u>
<b>REVENUES</b>			
Property taxes	\$ 275,549	\$ 273,440	\$ 2,109
Insurance premium taxes	138,114	113,890	24,224
Franchise fees	5,310	5,380	(70)
Municipal aid	13,642	12,755	887
Interest income	1,214	2,261	(1,047)
Public grant	6,751	6,932	(181)
Other income	<u>5,746</u>	<u>3,769</u>	<u>1,977</u>

Total Revenues	<u>\$ 446,326</u>	<u>\$ 418,427</u>	<u>\$ 27,899</u>
<b>EXPENDITURES</b>			
General government	\$ 79,426	\$ 81,502	\$ (2,076)
Public safety	27,714	22,784	4,930
Public service	73,264	68,084	5,180
Sanitation	118,080	118,080	-
Total Expenditures	<u>\$ 298,484</u>	<u>\$ 290,450</u>	<u>\$ 8,034</u>
Change in, Net Position	<u>\$ 147,842</u>	<u>\$ 127,977.</u>	<u>\$ 19,865</u>

Revenues increased by \$27,899 from 2013 over 2012 and expenditures increased by \$8,034 for the same period.

### Notes to the Financial Statements

The notes include much useful information and data. Note 1 states the significant accounting policies used by the City. As stated in Note 1, the assessed value of property in Glenview as of January 1, 2012 was \$220,572,180. The property tax rate for fiscal year ended June 30, 2013 remained at 0.13 per \$100 of assessed value. As of January 1, 2011, the assessed value was \$219,343,500 and the tax rate was 0.13 per \$100 of assessed value. The assessed value increased by \$1,228,680 as determined the Jefferson County Property Valuation Administrator. Note 2 contains information regarding cash and cash equivalents.

### Supplementary Information

Budgetary comparison for the year ended June 30, 2013 is shown on page 19. This schedule shows the original budget as approved and was not amended. All revenues exceeded budget amounts and all expenditures came in under budget except for \$3,418 in the road fund expenditures which was due to the revenue increase and since Glenview expends all revenue received this minor over budget expenditure occurred.

### Summary

The current financial statement reporting model is mandated by the Governmental Accounting Standards Board (GASB). The City implemented these changes in 2005.

### Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's financial position and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, please contact the City Administrator/Clerk, Kacy DeVore, City of Glenview, General Delivery, Glenview, KY 40025.

**CITY OF GLENVIEW, KENTUCKY  
STATEMENT OF NET POSITION  
JUNE 30, 2013**

<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 635,861
Property taxes receivable	6,827
Other receivables	1,638
Municipal aid receivable	1,268
Insurance premium taxes receivable	<u>35,345</u>
<b>Total Current Assets</b>	<b>680,939</b>
<b>Other Assets</b>	
Capital assets net of accumulated depreciation of \$114,816	229,555
Cash and cash equivalents, builder's bond	<u>15,013</u>
<b>Total Other Assets</b>	<u><b>244,568</b></u>
<b>TOTAL ASSETS</b>	<b>925,507</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts payable	20,117
Builder's bond liability	<u>15,013</u>
<b>Total Current Liabilities</b>	<u><b>35,130</b></u>
<b>NET POSITION</b>	
Investment in capital assets	229,555
Restricted for roads	1,268
Unrestricted	<u>659,554</u>
<b>TOTAL NET POSITION</b>	<u><b>\$ 890,377</b></u>

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

**CITY OF GLENVIEW, KENTUCKY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u> <u>OPERATING</u> <u>GRANTS</u>	<u>NET (EXPENSES) AND REVENUES AND CHANGES IN NET ASSETS GOVERNMENTAL ACTIVITIES</u>
<b>PRIMARY GOVERNMENT</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
General government	\$ (79,426)	\$ -	\$ (79,426)
Public safety	(27,714)	6,751	(20,963)
Public works	(73,264)	13,642	(59,622)
Sanitation	<u>(118,080)</u>	<u>-</u>	<u>(118,080)</u>
Total Governmental Activities	<u>\$ (298,484)</u>	<u>\$ 20,393</u>	<u>(278,091)</u>
<b>GENERAL REVENUES</b>			
Taxes:			
Property taxes levied for general purposes			275,549
Insurance premium taxes			138,114
Franchise fees			5,310
Interest income			1,214
Other income			<u>5,746</u>
Total General Revenues			<u>425,933</u>
CHANGE IN NET POSITION			147,842
NET POSITION, BEGINNING OF YEAR			<u>742,535</u>
NET POSITION, END OF YEAR			<u>\$ 890,377</u>

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

**CITY OF GLENVIEW, KENTUCKY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS AND**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	<u>GENERAL FUND</u>	<u>ROAD FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 650,874	\$	\$ 650,874
Property taxes receivable	6,827		\$ 6,827
Municipal aid receivable		1,268	1,268
Insurance premium taxes receivable	35,345	-	35,345
Other receivables	<u>1,638</u>	<u>-</u>	<u>1,638</u>
<b>TOTAL ASSETS</b>	<u>\$ 694,684</u>	<u>\$ 1,268</u>	<u>\$ 695,952</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 20,117	\$ -	\$ 20,117
Builder's bond liability	<u>15,013</u>	<u>-</u>	<u>\$ 15,013</u>
<b>TOTAL LIABILITIES</b>	35,130	-	35,130
<b>FUND BALANCES</b>			
Unassigned	659,554		659,554
Restricted	<u>-</u>	<u>1,268</u>	<u>1,268</u>
<b>TOTAL FUND BALANCES</b>	<u>659,554</u>	<u>1,268</u>	<u>660,822</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 694,684</u>	<u>\$ 1,268</u>	<u>\$ 695,952</u>
<b>TOTAL GOVERNMENTAL FUND BALANCES</b>			\$ 660,822
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. This is the amount by which capital assets exceeded depreciation			
			<u>229,555</u>
<b>NET POSITION</b>			<u>\$ 890,377</u>

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

**CITY OF GLENVIEW, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	GENERAL FUND	ROAD FUND	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>			
Property taxes, including interest and penalties	\$ 275,549	\$	\$ 275,549
Franchise fees	5,310		5,310
Insurance premium taxes	138,114		138,114
Municipal aid		13,642	13,642
Interest income	1,214		1,214
Public grant	6,751		6,751
Other income	5,746	-	5,746
Total Revenues	432,684	13,642	446,326
<b>EXPENDITURES</b>			
General government	78,826		78,826
Public safety	27,714		27,714
Public works	76,905	14,418	91,323
Sanitation	118,080	-	118,080
Total Expenditures	301,525	14,418	315,943
<b>NET CHANGE IN FUND BALANCES</b>	131,159	(776)	130,383
<b>FUND BALANCES, Beginning of year</b>	528,395	2,044	530,439
<b>FUND BALANCES, End of year</b>	\$ 659,554	\$ 1,268	\$ 660,822

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

**CITY OF GLENVIEW, KENTUCKY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

Net change in fund balances-total governmental funds	\$ 130,383
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.</p>	
This is the amount by which capital outlays exceeded depreciation in the current period.	17,459
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:</p>	
This is the amount of the difference in the change in accounts receivable from the two methods of accounting.	<hr style="width: 100%; border: 0.5px solid black;"/> -
Change in net position as reflected on Statement of Activities	<hr style="width: 100%; border: 0.5px solid black;"/> \$ <u>147,842</u>

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Glenview, Kentucky have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the City are described below.

### **Financial Reporting Entity**

The City operates under a Mayor-Commission form of government and provides the following services as authorized by its charter: streets and public works, sanitation, public safety and general administrative services. The City is a 6<sup>th</sup> Class City as defined by Kentucky statute.

### **Basis of Presentation**

#### Government-wide Financial Statements

The Statement of Net Position and Statement of Activities reflect financial information of the City as a whole. These statements include the primary government and its component units if applicable. Government-wide statements distinguish between governmental and business-type activities. Currently, the City does not engage in any business-type, inter-governmental revenues, and other non-exchange revenues type activities.

The statement of activities presents direct expenses which are clearly identifiable with a specific function or segment. Taxes and other revenue items are reported as general revenues.

#### Fund Financial Statements

The City uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions relating to certain government functions or activities. A fund is a separate entity with a self-balancing set of accounts. Funds of the City are classified as governmental, which account for all or most of the City's general activities including the collection of legally restricted monies, administrative expense and the acquisition or construction of capital assets.

The government reports the following funds of the financial reporting entity: The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund. The *road fund* is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The City accounts for Kentucky municipal aid receipts in this fund. The municipal aid fund is restricted to road construction, repairs and maintenance.

The City considers all of its funds to be major funds.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues are recognized in the year for which they are due. This method differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds. Expenses are classified by function.

The government-wide Statement of Activities presents a comparison between expenses and program revenues for the activities of the City and for each governmental program. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when they are "measurable and available". Measurable means the amount can be determined. Available means collectible within the period or soon enough thereafter to pay current liabilities. The City considers property taxes as available if they are collected within sixty days after year-end. A ninety-day period is used for revenue recognition for all other governmental fund revenues. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for general obligation debt and interest which are reported as expenditures in the year due.

**Budgetary Accounting**

The budget information reflected in the financial statements is the annual budget adopted by the City in accordance with the provisions of Kentucky law. It is presented to the Commission in the form of an ordinance and may be amended by subsequent ordinance or by municipal order. The budget is prepared on a basis consistent with the modified accrual basis of accounting utilized in the government fund financial statements.

**Budgetary Comparison Schedules**

As required by generally accepted governmental accounting principles, this statement has been prepared in the same form as the legally adopted budget; therefore its form varies

CITY OF GLENVIEW, KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

somewhat from the statement of revenues, expenditures and changes in fund balances on page 9.

**Cash and Concentrations of Credit Risk**

Cash and cash equivalents includes amounts deposited in a checking account and a money market account. For purposes of these financial statements, the City considers as cash equivalents all highly liquid investments with a maturity of three months or less when purchased and are readily convertible to cash.

Generally, the City's investing activities are managed under the custody of the City Mayor. Investing is performed in accordance with investment policies complying with state statutes and the City Charter. City funds may be invested in: (1) obligations of the United States and its agencies and instrumentalities, (2) obligations of any corporation of the United States government, (3) certificates of deposits in institutions insured by the Federal Deposit Insurance Corporation, and (4) bonds or certificates of indebtedness of the Commonwealth of Kentucky.

The City maintains its deposits with banks insured by the Federal Deposit Insurance Corporation (FDIC). FDIC insures balances up to \$250,000.

**Property Taxes Receivable and Property Tax Calendar**

Delinquent property taxes are recorded in property taxes receivable in the general fund.

Property taxes are levied on the assessed value of qualifying property as of the preceding January 1 for all real property located in the City. The property tax bills are mailed to property owners in July (the first month of the fiscal year). For the year ended June 30, 2013, the City assessed a tax to finance general fund operations amounting to \$.13 per \$100 of assessed valuation for real property. The total assessed value of the tax roll on January 1, 2012, upon which the levy for the June 30, 2013 fiscal year was based, amounted to \$220,572,180 resulting in gross taxes of \$286,744. Discounts allowed during the year approximated \$ 13,400.

Property taxes are due as follows:

September 30 and before	- gross less discount of 5%
October 1 to December 31	- gross amount
After December 31	- gross plus penalty of 10% plus interest at 1.5% per month compounded monthly

Currently, the City does not have a policy which sets a date for filing liens on delinquent taxes. Property tax revenues as reflected in these financial statements, includes applicable penalties and interest.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Insurance Premium Taxes**

The City's tax rate assessed on insurance premiums is 5%.

**Capital Assets**

The accounting and reporting treatment applied to capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental fund statements and capitalized (recorded and accounted for) in the government-wide statement of net assets. The minimum capitalization threshold is any individual item with a total cost of \$1,000 or more.

Effective for the year ended June 30, 2004, the City implemented GASB Statement Number 34. One of the requirements of GASB 34 is to capitalize and depreciate infrastructure expenditures and other capital assets (See Note 3). The City elected to implement this standard prospectively, as it related to the capitalization of infrastructure expenditures. The valuation basis for general capital assets are historical costs, or where historical cost is not available, estimated historical cost based on replacement cost. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized.

In accordance with GASB Statement No. 42 *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, the City's management evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. No impairment losses were identified or recognized for the year ended June 30, 2013.

Capital assets used in operations are depreciated over their estimated useful lives 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 balance sheet.

The estimated useful life of various classes of capital assets are as follow:

Infrastructure including roads and bridges	15 to 25 years
Leasehold improvements	15 years
Street signs	15 years

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Fund Equity**

Net position is the difference between assets and liabilities. Net position is restricted when constraints are placed on net asset use either externally imposed by creditors, grantors or contributors or regulations of governments, or imposed by law.

The City's policy is to use restricted assets according to budgeted amounts.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes for governmental fund financial statements.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. *Nonspendable*, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Commissioners,
4. *Assigned* fund balance classification is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
5. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

**Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function.

In the fund financial statements, governmental funds are classified by character and function. In the fund financial statements governmental funds report expenditures of financial resources.

**Fair Value of Financial Investments**

The carrying amount of cash, receivables, short-term investments and payables approximates their fair market values as of June 30, 2013.

CITY OF GLENVIEW, KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

16

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Use Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires City's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consists of the following at June 30, 2013:

Bank checking account with interest at .10% per annum	\$186,011
Bank money market account with interest at .15% per annum	200,572
Bank checking account with interest at .15% per annum	249,278
Builder's bond liability money market account with interest at .10% per annum	<u>15,013</u>
Total	<u>\$650,874</u>

Interest Rate Risk – The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing rates.

Credit Risk – Kentucky Revised Statutes (KRS) limits investments to obligations of the United States Government, obligations backed by the full faith and credit of the United States Government, obligations of any corporation or agency of the United States Government, certificates of deposits, commercial paper, bonds or securities issued by a state or local government and shares of mutual funds. The City has no investment policy that would further limit its investment choices as they are defined in KRS.

Concentration of Credit Risk – The city places no limit on the amount the City may invest in any one issuer.

The above yields were the interest rates at June 30, 2013.

During the year ended June 30, 2013, the City's cash and cash equivalents balances were insured by the FDIC. Any balances in excess of the FDIC threshold were collateralized with securities pledged by the bank in the City's name.

CITY OF GLENVIEW, KENTUCKY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2013

**NOTE 3 – CAPITAL ASSETS AND DEPRECIATION**

Capital assets activity for the year ended June 30, 2013, consists of the following:

	Balance <u>6-30-12</u>	2013 <u>Additions</u>	Balance <u>6-30-13</u>
Road and bridge improvements	\$246,018	\$ 36,093	\$282,111
Entrance improvements	28,500		28,500
Street signs	24,754		24,754
Post office	<u>9,006</u>	<u>-</u>	<u>9,006</u>
	308,278	36,093	344,371
Less accumulated depreciation	<u>96,182</u>	<u>18,634</u>	<u>114,816</u>
 Total capital assets, net of depreciation	 <u>\$212,096</u>	 <u>\$ 17,459</u>	 <u>\$229,555</u>

The cost and related accumulation for each capital asset category at June 30, 2013 is as follows:

	Cost	Accumulated Depreciation	Net
Road and bridge improvements	\$ 282,111	\$ 84,297	\$ 197,814
Entrance improvements	28,500	12,827	15,673
Street signs	24,754	12,616	12,138
Post office	<u>9,006</u>	<u>5,076</u>	<u>3,930</u>
 Total	 <u>\$ 344,371</u>	 <u>\$ 114,816</u>	 <u>\$ 229,555</u>

Depreciation for the year ended June 30, 2013 was charged to function in the Statement of Activities as follows:

General government	\$ 600
Public works	<u>18,034</u>
 Total	 <u>\$18,634</u>

**NOTE 4– RISK MANAGEMENT**

The City is subject to normal insurance risks as other cities of its size. The City carries general liability, worker’s compensation and errors and omissions coverage. The City has not had any significant reduction in coverage in the past year.

**NOTE 5 – POST OFFICE RENT**

The City has an annual operating lease with a resident for space in a building which it subleases to the United States Postal Service. The City leases the space for \$1 per year from the resident of the City and subleases the space to the Postal Service for \$3,750 per year. Rent revenue was \$3,750 for the year ended June 30, 2013 and is included in other income in the financial statements.

CITY OF GLENVIEW, KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

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**NOTE 5 – POST OFFICE RENT (CONTINUED)**

In addition, the City is responsible for maintenance and insurance. During the year ended June 30, 2013, the City incurred maintenance costs on the post office facility of \$1,224.

In July of 2013, the City renewed the aforementioned sublease agreement with the Postal Service obligating the Postal Service to pay the City an annual rental of \$3,860 payable in monthly installments beginning July 2013 and ending June 2018.

**NOTE 6 – CONDUIT DEBT OBLIGATION**

In 2009 the City issued Kentucky Educational Development Improvement and Refunding Revenue Bonds (Chance School Project) Series 2009 in the amount of \$700,000. The purpose of the bonds is for paying the cost of construction, renovation, improvement, and equipping of an educational development project to be owned by the Chance School and the current refunding of the previously issued Series 1995 City revenue bonds. The amount of \$239,242 of the \$700,000 bond proceeds was used to redeem the Series 1995 bonds.

The 2009 bonds are secured by School property and revenues and are payable solely by the School. Neither the City, the State or any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the financial statements. As of June 30, 2013, there were approximately \$609,938 of Educational Development Revenue Bonds outstanding.

**NOTE 7 - COMMITMENTS AND CONTINGENCIES**

Presently, there is no known litigation nor any asserted legal claims against the City.

As of June 30, 2013, the City has one year remaining on a two year contract with its sanitation service provider requiring monthly payments of \$9,840 through June 30, 2014.

The City also has an annual agreement with its lawn care and landscaping contractor requiring monthly payments of \$1,554 through June 30, 2014.

**NOTE 8 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 10, 2014, which is the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF GLENVIEW, KENTUCKY  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
<b>RESOURCES AVAILABLE</b>			
Fund Balance Carried Forward	\$ 450,000	\$ 530,439	\$ 80,439
<b>REVENUES</b>			
General Fund:			
Property taxes	265,000	275,549	10,549
Insurance premium taxes	75,000	138,114	63,114
Cable franchise fees	5,000	5,310	310
Post office rent	3,750	3,750	-
Interest income	1,000	1,214	214
Other income	540	8,747	8,207
Road fund:			
Road fund	<u>11,000</u>	<u>13,642</u>	<u>2,642</u>
Total Estimated Revenues	<u>361,290</u>	<u>446,326</u>	<u>85,036</u>
<b>TOTAL RESOURCES AVAILABLE</b>	811,290	976,765	165,475
<b>EXPENDITURES</b>			
General Fund:			
General government	91,000	78,826	12,174
Public works and police	141,190	104,619	36,571
Sanitation	118,100	118,080	20
Road Fund:			
Road fund	<u>11,000</u>	<u>14,418</u>	<u>(3,418)</u>
Total Expenditures	<u>361,290</u>	<u>315,943</u>	<u>45,347</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 450,000</u>	<u>\$ 660,822</u>	<u>\$ 210,822</u>

**McIntyre & Wooldridge, PSC**  
**Certified Public Accountants**

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John M. McIntyre, CPA

Paula E. Wooldridge, CPA

The Honorable Mayor and  
Commissioners of the City  
Of Glenview, Kentucky

**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***

We have audited the financial statements of the governmental activities and major funds as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the City of Glenview's (the City) basic financial statements and have issued our report thereon dated January 10, 2014. 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.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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, significant deficiencies, or material weaknesses. 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider to be a significant deficiency.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 determination of financial statement amounts. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City of Glenview, Kentucky's response to the finding identified in our audit is described in the accompanying schedule of findings. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

## 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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mc Intyre & Woodbridge PSC*

Louisville, Kentucky  
January 10, 2014

**SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL****Finding 2013-1**

We noted that \$4,125 of municipal aid revenues that were incorrectly posted to the insurance premium tax revenue account. This is a similar finding noted in the prior audit report.

**Recommendation – (Finding 2013-1)**

We recommend that more care be exercised in posting revenue transactions and that management employ more detailed analytical review procedures to the City's financial statements to ensure that all revenues are properly accounted for. The proper accounting for the City's municipal aid receipts in the general ledger is especially important because the City does not maintain a separate bank account to segregate municipal aid revenues and expenditures.

**Management's Response – (Finding 2013-1)**

City management will implement the aforementioned recommendation with regard to the accounting for revenue transactions.

**COMPLIANCE WITH LAWS AND REGULATIONS****Finding 2013-2**

We noted the City's road fund expenditures exceeded budget for the year.

**Recommendation (Finding 2013-2)**

We recommend the City amend its budget for overspent expenditures by the end of the fiscal year, as required by KRS.

**Management's Response – (Finding 2013-2)**

City management plans on implementing the above recommendation.

**Finding 2013-3**

We noted that the City incurred an expenditure of \$1,314 for a dinner including alcoholic beverages for a holiday dinner attended by the City's mayor, commissioners and other City officials and their spouses during the year. We have noted cases with cities and/or counties which have been audited by the Auditor of Public Accounts of the State of Kentucky where the auditor has challenged these types of expenditures of public funds as not being necessary nor beneficial to the public and that the expenditures were personal in nature. Also, the expenditure was not supported by a detail vendor invoice. We believe the aforementioned expenditure is not in compliance with Kentucky law.

**Recommendation – (Finding 2013-3)**

We recommend the City consult its attorney to discuss the City's future course of action.

**Management's Response – (Finding 2013-3)**

City management plans on consulting its attorney to determine future course of action.