

CITY OF GLENVIEW, KENTUCKY

ANNUAL FINANCIAL REPORT

JUNE 30, 2015

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, 2015, 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, 2015, 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.

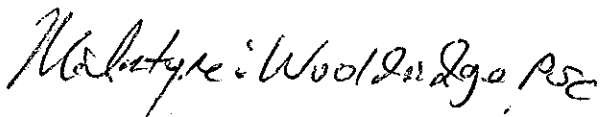
Other Matters

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 21 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 November 16, 2015 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 *Government Auditing Standards* and should be considered in assessing the results of our audit.



Louisville, Kentucky
November 16, 2015

REQUIRED SUPPLEMENTARY INFORMATION

MANGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2015

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, 2015 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, 2015. The total net assets of the City increased \$15,922 and the unrestricted fund balance increased by \$48,655. 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 assets presents information on all of the City of Glenview assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 11-20 of this report.

Government-wide Financial Analysis

	FYE'15	FYE'14	Increase
	<u>Amount</u>	<u>Amount</u>	<u>(Decrease)</u>
Cash and cash equivalents	\$ 90,464	\$ 449,817	\$ (359,353)
Receivables	27,632	33,239	(5,607)
Investments	602,818	249,014	353,804
Capital assets, net	267,920	240,857	27,063
Cash, builder's bond	15,043	15,028	15
Total Assets	<u>\$1,003,877</u>	<u>\$ 987,955</u>	<u>\$ 15,922</u>
Accounts payable	\$ 17,120	\$ 49,868	\$ (32,748)
Builder's bond liability	15,043	15,028	15
Total Liabilities	<u>\$ 32,163</u>	<u>\$ 64,896</u>	<u>\$ (32,733)</u>
Investment in capital assets	\$ 267,920	\$ 240,857	\$ 27,063
Restricted for roads	--	--	--
Unrestricted	703,794	682,202	21,592
Total Net Position	<u>\$ 971,714</u>	<u>\$ 923,059</u>	<u>\$ 48,655</u>

The statement of Net Position as of June 30, 2015 shows that the City of Glenview has assets of \$1,003,877 with liabilities of \$32,163. Of the \$1,003,877 total assets, \$267,920 is comprised of capital assets, net of depreciation and \$27,632 of receivables.

Following is a comparative statement of activities.

	FYE'15	FYE'14	Increase
	<u>Amount</u>	<u>Amount</u>	<u>(Decrease)</u>
REVENUES			
Property taxes	\$ 214,870	\$ 217,369	\$ (2,499)
Insurance premium taxes	110,943	132,618	(21,675)
Franchise fees	5,309	5,309	--
Municipal aid	11,894	11,184	710
Interest income	3,845	1,291	2,554
Public grant	5,704	6,133	(429)
Other income	3,889	3,811	78

Total Revenues	<u>\$ 356,454</u>	<u>\$ 377,715</u>	<u>\$ (21,261)</u>
EXPENDITURES			
General government	\$ 86,417	\$ 85,742	\$ 675
Public safety	22,400	22,784	(384)
Public service	113,525	118,427	(4,902)
Sanitation	85,457	118,080	(32,623)
Total Expenditures	<u>\$ 307,799</u>	<u>\$ 345,033</u>	<u>\$ (37,234)</u>
Net Change in Fund Balance	<u>\$ 48,655</u>	<u>\$ 32,682</u>	<u>\$ 15,973</u>

Revenues decreased by \$21,261 from 2015 over 2014 and expenditures decreased by \$37,234 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, 2014 was \$214,545,450. The property tax rate for fiscal year ended June 30, 2015 remained at 0.13 per \$100 of assessed value. As of January 1, 2013, the assessed value was \$214,679,870 and the tax rate was 0.13 per \$100 of assessed value. The assessed value decreased by \$134,420 as determined the Jefferson County Property Valuation Administrator. Note 2 contains information regarding cash and cash equivalents. Note 4 shows the detailed activity during the year ended June 30, 2015 of the Capital Assets, net of accumulated depreciation.

Supplementary Information

Budgetary comparison for the year ended June 30, 2015 is shown on page 21. This schedule shows the original budget as approved and was not amended. All expenditures came in under budget.

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, PO, Glenview, KY 40025.

BASIC FINANCIAL STATEMENTS

**CITY OF GLENVIEW, KENTUCKY
STATEMENT OF NET POSITION
JUNE 30, 2015**

ASSETS	
Current Assets	
Cash and cash equivalents	\$ 105,507
Insurance premium taxes receivable	26,386
Other receivables	1,246
Short term investment	<u>150,731</u>
Total Current Assets	283,870
Non-Current Assets	
Investments	<u>452,087</u>
Total Non-Current assets	452,087
Capital Assets, Net of Accumulated Depreciation	<u>267,920</u>
TOTAL ASSETS	1,003,877
LIABILITIES	
Current Liabilities	
Accounts payable	17,120
Builder's bond liability	<u>15,043</u>
Total Current Liabilities	<u>32,163</u>
NET POSITION	
Investment in capital assets	267,920
Restricted for roads	
Unrestricted	<u>703,794</u>
TOTAL NET POSITION	<u>\$ 971,714</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, 2015**

	<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>
PRIMARY GOVERNMENT			
GOVERNMENTAL ACTIVITIES:			
General government	\$ (86,417)	\$ -	\$ (86,417)
Public safety	(22,400)	5,237	(17,163)
Public works	(113,525)	12,361	(101,164)
Sanitation	<u>(85,457)</u>	<u>-</u>	<u>(85,457)</u>
Total Governmental Activities	<u>\$ (307,799)</u>	<u>\$ 17,598</u>	<u>\$ (290,201)</u>
GENERAL REVENUES			
Taxes:			
Property taxes levied for general purposes			214,870
Insurance premium taxes			110,943
Franchise fees			5,309
Interest income			3,845
Other revenues			<u>3,889</u>
Total General Revenues			<u>338,856</u>
CHANGE IN NET POSITION			48,655
NET POSITION, BEGINNING OF YEAR			<u>923,059</u>
NET POSITION, END OF YEAR			<u>\$ 971,714</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, 2015

	GENERAL FUND	ROAD FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents	\$ 105,507	\$	\$ 105,507
Insurance premium taxes receivable	26,386		26,386
Other receivables	1,246		1,246
Short term investment	150,731		150,731
Non-current investments	<u>452,087</u>		<u>452,087</u>
TOTAL ASSETS	<u>\$ 735,957</u>	<u>-</u>	<u>\$ 735,957</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 17,120		\$ 17,120
Builder's bond liability	<u>15,043</u>		<u>15,043</u>
TOTAL LIABILITIES	32,163		32,163
FUND BALANCES			
Unassigned	703,794		703,794
Restricted	<u>-</u>		<u>-</u>
TOTAL FUND BALANCES	<u>703,794</u>		<u>703,794</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 735,957</u>	<u>\$ -</u>	<u>\$ 735,957</u>
TOTAL GOVERNMENTAL FUND BALANCES			\$ 703,794
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>267,920</u>
NET POSITION			\$ <u>971,714</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, 2015

	<u>GENERAL FUND</u>	<u>ROAD FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES			
Property taxes, including interest and penalties	\$ 214,870	\$	\$ 214,870
Franchise fees	5,309		5,309
Insurance premium taxes	110,943		110,943
Municipal aid		11,894	11,894
Interest income	3,845		3,845
Public grant	5,704		5,704
Other revenues	<u>3,889</u>	<u>-</u>	<u>3,889</u>
Total Revenues	344,560	11,894	356,454
EXPENDITURES			
General government	85,817		85,817
Public safety	22,400		22,400
Public works	129,294	11,894	141,188
Sanitation	<u>85,457</u>	<u>-</u>	<u>85,457</u>
Total Expenditures	<u>322,968</u>	<u>11,894</u>	<u>334,862</u>
NET CHANGE IN FUND BALANCES	21,592	-	21,592
FUND BALANCES, Beginning of year	<u>682,202</u>	<u>-</u>	<u>682,202</u>
FUND BALANCES, End of year	<u>\$ 703,794</u>	<u>\$ -</u>	<u>\$ 703,794</u>

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, 2015**

Net change in fund balances-total governmental funds	\$ 21,592
<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.	27,063
<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;"/> \$ 48,655

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 Home Rule 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.

Investment In Capital Assets, Net Of Related Debt

This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent proceeds at year-end, the portion of debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. That portion of the debt is included in the same net position component as the unspent proceeds.

Restricted

This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments of constraints imposed by law through constitutional provisions or enabling legislation.

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

Unrestricted Net Position

This component of net position consists of net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

The City’s policy is to use restricted assets first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

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.

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

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

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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, insurance premium taxes, grants and interest are all considered to be susceptible to accrual and have been recognized as revenues in the current fiscal year. All other revenue items are considered recorded as revenue when the funds have been received.

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

Component Units

There are no governmental component units incorporated in the basic government-wide financial statements. A component unit is a legally separate entity that is included in the primary government’s financial reporting entity using the criteria of the Government Accounting Standards Board.

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

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

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

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, 2015, 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, 2014, upon which the levy for the June 30, 2015 fiscal year was based, amounted to \$214,545,450 resulting in gross taxes of \$278,909. Discounts allowed during the year approximated \$64,756.

Property taxes are due as follows:

September 30 and before	- gross less discount of 25%
October 1 to December 31	- gross amount
After December 31	- gross plus penalty of 10% plus interest at 1.5% per month compounded monthly plus lien filing and release fees.

Delinquent property taxes, if any, are recorded in property taxes receivable in the general fund.

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.

Insurance Premium Taxes

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

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

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 position. 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, 2015.

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 assets 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 Government 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, investments and payables approximates their fair market values as of June 30, 2015.

CITY OF GLENVIEW, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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**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, 2015:

Bank checking account with interest at .10% per annum	\$74,334
Builder's bond liability money market account with interest at .10% per annum	<u>15,043</u>
Total	<u>\$89,377</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, 2015.

NOTE 3 – INVESTMENTS

Investments consist of the following at June 30, 2015:

Short Term Investment

Eighteen month certificate of deposit (CD) yielding .65% per annum, maturing March 18, 2016	\$150,731
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CITY OF GLENVIEW, KENTUCKY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

NOTE 3 – INVESTMENTS (CONTINUED)

Non-Current Investments

Fourteen month CD yielding .70% per annum, maturing July 18, 2016	201,938	
Three year CD, yielding 1.30% per annum, maturing September 18, 2017	<u>250,149</u>	\$452,087

Investments are recorded at fair market value which approximates cost.

During the year ended June 30, 2015, the City's investment balances were insured by the FDIC up to \$250,000 and the balances in excess of the FDIC threshold were collateralized with securities pledged by the bank in the City's name.

NOTE 4- CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended June 30, 2015, consists of the following:

	Balance <u>6-30-14</u>	2015 <u>Additions</u>	Balance <u>6-30-15</u>
Road and bridge improvements	\$314,008	\$ 51,530	\$365,538
Entrance improvements	28,500		28,500
Street signs	24,754		24,754
Leasehold improvements	<u>9,006</u>	<u>-</u>	<u>9,006</u>
	376,268	51,530	427,798
Less accumulated depreciation	<u>135,411</u>	<u>24,467</u>	<u>159,878</u>
 Total capital assets, net of depreciation	 <u>\$240,857</u>	 <u>\$ 27,063</u>	 <u>\$267,920</u>

The cost and related accumulation for each capital asset category at June 30, 2015 is as follows:

	Cost	Accumulated Depreciation	Net
Road and bridge improvements	\$ 365,538	\$ 121,059	\$ 244,479
Entrance improvements	28,500	16,627	11,873
Street signs	24,754	15,916	8,838
Leasehold improvements	<u>9,006</u>	<u>6,276</u>	<u>2,730</u>
 Total	 <u>\$ 427,798</u>	 <u>\$ 159,878</u>	 <u>\$ 267,920</u>

CITY OF GLENVIEW, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 4- CAPITAL ASSETS AND DEPRECIATION (CONTINUED)

Depreciation for the year ended June 30, 2015 was charged to function in the Statement of Activities as follows:

General government	\$ 600
Public works	<u>23,867</u>
Total	<u>\$24,467</u>

NOTE 5- 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 6- 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 \$3,863 for the year ended June 30, 2015 and is included in other income in the financial statements.

In addition, the City is responsible for maintenance and insurance. During the year ended June 30, 2015, the City incurred maintenance costs on the post office facility of \$1,515.

In March 2014, The City renewed the aforementioned sublease agreement with the Postal Service obligating the Postal Service to pay the city an annual rental of \$3,863 payable in monthly installments through February 2019.

NOTE 7 - 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, 2015, there was approximately \$556,976 of Educational Development Revenue Bonds outstanding.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

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

The City has the following commitments at June 30, 2015:

- A two year agreement with its sanitation contractor with monthly payments of approximately \$7,139 through June 30, 2016.
- An annual agreement with its police patrol provider with monthly payments of approximately \$1,920 through June 30, 2016.
- An annual agreement with its lawn/landscaping contractor with monthly payments of \$1,616 through June 30, 2016.
- A three year agreement with its snow removal contractor through June 30, 2017 (Average annual payment for last two years was \$43,000)

NOTE 9 – EMPLOYEE RETIREMENT PLAN

The City has a qualified deferred compensation plan, administered by the Kentucky Public Employees' Deferred Compensation Authority, which is available to all City employees. The City has made employer discretionary contributions for its one participating employee totaling \$711 for the fiscal year ended June 30, 2015. As of January 1, 2015 the Kentucky Public Employees' Deferred Compensation Authority amended the plan to no longer accept supplemental discretionary contributions. As of December 31, 2014 the City permanently terminated the employer discretionary supplemental contributions. The City's employees may continue to participate in the deferred compensation portion of the plan after December 31, 2014.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 16, 2015, 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, 2015

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
RESOURCES AVAILABLE			
Fund Balance Carried Forward	\$ 675,000	\$ 682,201	\$ 7,201
REVENUES			
General Fund:			
Property taxes	215,000	214,870	(130)
Insurance premium taxes	105,000	110,943	5,943
Cable franchise fees	5,000	5,309	309
Police grant	5,000	5,237	237
Post office rent	3,800	3,863	63
Interest income	1,000	3,845	2,845
Other revenues	520	493	(27)
Road fund:			
Road fund	25,000	11,894	(13,106)
Total Estimated Revenues	360,320	356,454	(3,866)
TOTAL RESOURCES AVAILABLE	1,035,320	1,038,655	3,335
EXPENDITURES			
General Fund:			
General government	94,000	85,817	8,183
Public works and police	163,320	151,694	11,626
Sanitation	100,000	85,457	14,543
Road Fund:			
Road fund	25,000	11,894	13,106
Total Expenditures	382,320	334,862	47,458
FUND BALANCE AT END OF YEAR	\$ 653,000	\$ 703,793	\$ 50,793

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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, 2015, 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 November 16, 2015. 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.

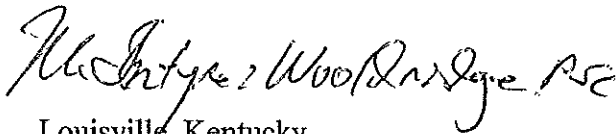
Compliance and Other Matters

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



Louisville, Kentucky
November 16, 2015

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL

SIGNIFICANT DEFICIENCIES

FINDING 2015-1

We noted that some insurance premium tax receipts were not deposited into the City's bank account on a timely basis. Also, we noted supporting remittance documentation was missing for some deposits.

RECOMMENDATION -- FINDING 2015-1

We recommend City management implement controls to ensure a timely bank deposit of revenue receipts and consequently a timely accounting for such receipts. Also, City management should ensure retention and proper filing of supporting remittance documentation.

MANAGEMENT'S RESPONSE -- FINDING 2015-1

City management has implemented controls to ensure timely deposit of revenue. The one instance of delayed deposit took place during the transition from the old to the new internal controls. City management will also ensure the retention and proper filing of supporting remittance documentation for all deposits.

COMPLIANCE WITH LAWS AND REGULATIONS

COMPLIANCE ITEM

FINDING 2015-2

We noted that the City incurred an expenditure of \$2,255 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 predominately personal in nature, and do not meet the criteria established in Kentucky law for the expenditure of public funds. This is a repeat finding from the prior audit.

RECOMMENDATION FINDING 2013-2

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

MANAGEMENT'S RESPONSE -- FINDING 2013-2

City management consulted the City attorney during 2014 in response to the same finding in the prior audit regarding the holiday dinner. The City attorney concluded that this expenditure was permitted by Kentucky law. Management will again consult with the City attorney to discuss its future course of action.

FINDING 2015-3

We noted the City did not advertise for bid its police patrol contract, the price which exceeded \$20,000. Also, as a related matter, the city approved a certain contractor's proposal to resurface a city road (for a price exceeding \$20,000) subject to the resulting bids from other contractors. City management was subsequently informed there were no other bid proposals; however, there was no mention of this in subsequent commission meeting minutes.

RECOMMENDATION FINDING 2015-3

We recommend the City comply with the advertisement for bid requirements of Kentucky law. Also, City management should ensure that the city minutes document subsequent findings related to contingencies or open matters discussed in previous commission meetings.

MANAGEMENT'S RESPONSE - FINDING 2015-3

City management will advertise for bid the police patrol contract for the next fiscal year ended June 30, 2017 and also implement above recommendation concerning reporting results of the bid process in subsequent commission meeting minutes.