

CITY OF GLENVIEW, KENTUCKY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

CITY OF GLENVIEW, KENTUCKY
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June 30, 2019

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McIntyre & Wooldridge, PSC
Certified Public Accountants

3103 Breckenridge Lane, Suite 3
Louisville, Kentucky 40220
502/493-9373 or 493-9374 (fax)

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, 2019, 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, 2019, 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 22 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 11, 2020 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.

McIntyre & Wooldridge, PSC
McIntyre & Wooldridge, PSC
Louisville, Kentucky
January 11, 2020

REQUIRED SUPPLEMENTARY INFORMATION

MANGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2019

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, 2019 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, 2019. The total net position of the City increased \$15,997 and the unrestricted fund balance increased by \$57,325. 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 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'19 | FYE'18 | Increase |
|------------------------------|---------------------------|----------------------------|--------------------------|
| | <u>Amount</u> | <u>Amount</u> | <u>(Decrease)</u> |
| Cash and cash equivalents | \$ 170,559 | \$ 112,215 | \$ 58,344 |
| Receivables | 36,642 | 32,707 | 3,935 |
| Investments | 632,255 | 622,720 | 9,535 |
| Capital assets, net | 317,779 | 359,107 | (41,328) |
| Cash, builder's bond | 15,133 | 15,096 | 37 |
| Total Assets | <u>\$1,172,368</u> | <u>\$1,141,845</u> | <u>\$ 30,523</u> |
| Accounts payable | \$ 58,344 | \$ 39,065 | \$ 19,279 |
| Deferred revenue | -- | 4,790 | (4,790) |
| Builder's bond liability | 15,133 | 15,096 | 37 |
| Total Liabilities | <u>\$ 73,477</u> | <u>\$ 58,951</u> | <u>\$ 14,526</u> |
| Investment in capital assets | \$ 317,779 | \$ 359,107 | \$ (41,328) |
| Restricted for roads | -- | -- | -- |
| Unrestricted | 781,112 | 723,787 | 57,325 |
| Total Net Position | <u>\$1,098,891</u> | <u>\$ 1,082,894</u> | <u>\$ 15,997</u> |

The statement of Net Position as of June 30, 2019 shows that the City of Glenview has assets of \$1,172,368 with liabilities of \$73,477. Of the \$1,172,368 total assets, \$317,779 is comprised of capital assets, net of depreciation and \$36,642 of receivables.

Following is a comparative statement of activities.

| | FYE'19 | FYE'18 | Increase |
|-------------------------|----------------------|----------------------|--------------------------|
| | <u>Amount</u> | <u>Amount</u> | <u>(Decrease)</u> |
| REVENUES | | | |
| Property taxes | \$ 218,602 | \$ 223,115 | \$ (4,513) |
| Insurance premium taxes | 123,449 | 116,668 | 6,781 |
| Franchise fees | 5,432 | 5,313 | 119 |
| Municipal aid | 11,704 | 9,167 | 2,537 |
| Interest income | 9,754 | 7,479 | 2,275 |
| Public grant | 4,511 | 4,859 | (348) |
| Other income | 3,940 | 3,863 | 77 |

| | | | |
|----------------------------|-------------------|--------------------|--------------------|
| Total Revenues | <u>\$ 377,392</u> | <u>\$ 370,464</u> | <u>\$ 6,928</u> |
| EXPENDITURES | | | |
| General government | \$ 146,759 | \$ 121,900 | \$ 24,859 |
| Public safety | 18,432 | 18,432 | -- |
| Public service | 110,394 | 177,367 | (66,973) |
| Sanitation | 85,810 | 85,711 | 99 |
| Total Expenditures | <u>\$ 361,395</u> | <u>\$ 403,410</u> | <u>\$ (42,015)</u> |
| Net Change in Fund Balance | <u>\$ 15,997</u> | <u>\$ (32,946)</u> | <u>\$ 48,943</u> |

Revenues increased by \$6,928 from 2019 over 2018 and expenditures decreased by \$42,015 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 5, the assessed value of property in Glenview as of January 1, 2018 was \$247,245,660. The property tax rate for fiscal year ended June 30, 2019 is 0.114 per \$100 of assessed value. As of January 1, 2017, the assessed value was \$249,160,770 and the tax rate was 0.114 per \$100 of assessed value. The assessed value decreased by \$1,915,110 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, 2019 of the Capital Assets, net of accumulated depreciation.

Supplementary Information

Budgetary comparison for the year ended June 30, 2019 is shown on page 21. This schedule shows the original budget and the amended budget as approved. 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 Box 37, Glenview, KY 40025.

BASIC FINANCIAL STATEMENTS

**CITY OF GLENVIEW, KENTUCKY
STATEMENT OF NET POSITION
JUNE 30, 2019**

PRIMARY GOVERNMENT
GOVERNMENTAL ACTIVITIES

ASSETS

Current Assets

| | |
|------------------------------------|----------------|
| Cash and cash equivalents | \$ 185,692 |
| Insurance premium taxes receivable | 34,514 |
| Other receivables | 2,128 |
| Short term investments | <u>261,195</u> |

Total Current Assets 483,529

Non-Current Assets

Investments 371,060

Capital Assets, Net of Accumulated Depreciation of \$310,460 317,779

TOTAL ASSETS 1,172,368

LIABILITIES

Current Liabilities

| | |
|------------------------------------|---------------|
| Accounts payable | 51,082 |
| Property taxes refundable | 6,135 |
| Payroll taxes withheld and accrued | 1,127 |
| Builder's bond liability | <u>15,133</u> |
| Total Current Liabilities | <u>73,477</u> |

NET POSITION

Net investment in capital assets 317,779

Restricted for roads -

Unrestricted 781,112

TOTAL NET POSITION \$ 1,098,891

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

**CITY OF GLENVIEW, KENTUCKY
STATEMENT OF ACTIVITIES
FOR YEAR ENDED JUNE 30, 2019**

| | <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 | \$ (146,759) | \$ - | \$ (146,759) |
| Public safety | (18,432) | 4,511 | (13,921) |
| Public works | (110,394) | 11,704 | (98,690) |
| Sanitation | <u>(85,810)</u> | <u>-</u> | <u>(85,810)</u> |
| Total Governmental Activities | <u>\$ (361,395)</u> | <u>\$ 16,215</u> | <u>(345,180)</u> |
| GENERAL REVENUES | | | |
| Taxes: | | | |
| Property taxes levied for general purposes | | | 218,602 |
| Insurance premium taxes | | | 123,449 |
| Franchise fees | | | 5,432 |
| Interest income | | | 9,754 |
| Other revenues | | | <u>3,940</u> |
| Total General Revenues | | | <u>361,177</u> |
| | | | |
| CHANGE IN NET POSITION | | | 15,997 |
| | | | |
| NET POSITION, BEGINNING OF YEAR | | | <u>1,082,894</u> |
| | | | |
| NET POSITION, END OF YEAR | | | <u>\$ 1,098,891</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, 2019

| | GENERAL FUND | ROAD FUND | TOTAL GOVERNMENTAL FUNDS |
|---|-------------------|--------------|--------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 185,692 | \$ | \$ 185,692 |
| Insurance premium taxes receivable | 34,514 | | 34,514 |
| Other receivables | 2,128 | | 2,128 |
| Short term investments | 261,195 | | 261,195 |
| Non-current investments | 371,060 | | 371,060 |
| TOTAL ASSETS | \$ 854,589 | - | \$ 854,589 |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 51,082 | | \$ 51,082 |
| Property taxes refundable | 6,135 | | 6,135 |
| Payroll taxes withheld and accrued | 1,127 | | 1,127 |
| Builder's bond liability | 15,133 | | 15,133 |
| TOTAL LIABILITIES | 73,477 | | 73,477 |
| FUND BALANCES | | | |
| Restricted | - | | - |
| Unassigned | 781,112 | | 781,112 |
| TOTAL FUND BALANCES | 781,112 | | 781,112 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 854,589 | \$ - | \$ 854,589 |
| TOTAL GOVERNMENTAL FUND BALANCES | | | \$ 781,112 |
| <p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>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</p> | | | |
| | | | 317,779 |
| NET POSITION | | | \$ 1,098,891 |

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, 2019

| | <u>GENERAL FUND</u> | <u>ROAD FUND</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
|--|-------------------------|----------------------|---|
| REVENUES | | | |
| Property taxes, including interest and penalties | \$ 218,602 | \$ | \$ 218,602 |
| Franchise fees | 5,432 | | 5,432 |
| Insurance premium taxes | 123,449 | | 123,449 |
| Municipal aid | | 11,704 | 11,704 |
| Interest income | 9,754 | | 9,754 |
| Public safety grant | 4,511 | | 4,511 |
| Other revenues | <u>3,940</u> | <u>-</u> | <u>3,940</u> |
| Total Revenues | 365,688 | 11,704 | 377,392 |
| EXPENDITURES | | | |
| General government | 146,159 | | 146,159 |
| Public safety | 18,432 | | 18,432 |
| Public works | 57,962 | 11,704 | 69,666 |
| Sanitation | <u>85,810</u> | <u>-</u> | <u>85,810</u> |
| Total Expenditures | <u>308,363</u> | <u>11,704</u> | <u>320,067</u> |
| NET CHANGE IN FUND BALANCES | 57,325 | - | 57,325 |
| FUND BALANCES, Beginning of year | <u>723,787</u> | <u>-</u> | <u>723,787</u> |
| FUND BALANCES, End of year | <u>\$ 781,112</u> | <u>\$ -</u> | <u>\$ 781,112</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, 2019**

| | |
|--|------------------|
| Net change in fund balances-total governmental funds | \$ 57,325 |
| <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 were exceeded by depreciation in the current period. | <u>(41,328)</u> |
| Change in net position as reflected on Statement of Activities | <u>\$ 15,997</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 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.

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

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. 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.

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

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.

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 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.

CITY OF GLENVIEW, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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

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, 2019.

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 | 12 to 25 years |
| Leasehold improvements | 15 years |
| Street signs | 10 years |

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,

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

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, 2019.

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, 2019:

| | |
|---|------------------|
| Bank checking account with interest at .1% per annum | \$170,559 |
| Builder's bond liability money market account with interest at .1% per annum | <u>15,133</u> |
| Total | <u>\$185,692</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.

CITY OF GLENVIEW, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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NOTE 2-CASH AND CASH EQUIVALENTS (CONTINUED)

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, 2019.

NOTE 3 – SHORT-TERM INVESTMENTS

Short-term investments consist of the following at June 30, 2019:

| | |
|--|-----------|
| Nineteen month certificate of deposit (CD) yielding 2.23% per annum, maturing May 18, 2020 | \$261,195 |
|--|-----------|

NOTE 4- INVESTMENTS

Investments consist of the following at June 30, 2019

| | |
|---|------------------|
| Three year CD yielding 1.29% per annum, maturing September 18, 2020 | \$212,625 |
| Two year CD yielding 2.50% per annum, maturing March 18, 2021 | <u>158,435</u> |
| Total Investments | <u>\$371,060</u> |

Investments are recorded at fair market value which approximates cost.

At June 30, 2019, the City's cash and 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.

CITY OF GLENVIEW, KENTUCKY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

NOTE 5-CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended June 30, 2019, consists of the following:

| | <u>Balance</u> <u>6-30-18</u> | <u>2019</u> <u>Additions</u> | <u>Balance</u> <u>6-30-19</u> |
|---|----------------------------------|---------------------------------|----------------------------------|
| Road and bridge improvements | \$552,305 | \$ - | \$552,305 |
| Entrance improvements | 28,500 | - | 28,500 |
| Leasehold improvements | <u>9,006</u> | <u>-</u> | <u>9,006</u> |
| | 628,239 | - | 628,239 |
| | | | |
| Less accumulated depreciation | <u>269,132</u> | <u>41,328</u> | <u>310,460</u> |
| Total capital assets, net of depreciation | <u>\$359,107</u> | <u>\$ (41,328)</u> | <u>\$317,779</u> |

The cost and related accumulation for each capital asset category at June 30, 2019 is as follows:

| | <u>Cost</u> | <u>Accumulated</u> <u>Depreciation</u> | <u>Net</u> |
|------------------------------|-------------------|---|-------------------|
| Road and bridge improvements | \$ 552,305 | \$ 249,794 | \$ 302,511 |
| Entrance improvements | 28,500 | 24,227 | 4,273 |
| Street signs | 38,428 | 27,763 | 10,665 |
| Leasehold improvements | <u>9,006</u> | <u>8,676</u> | <u>330</u> |
| Total | <u>\$ 628,239</u> | <u>\$ 310,460</u> | <u>\$ 317,779</u> |

Depreciation for the year ended June 30, 2019 was charged to function in the Statement of Activities as follows:

| | |
|--------------------|-----------------|
| General government | \$ 600 |
| Public works | <u>40,728</u> |
| Total | <u>\$41,328</u> |

NOTE 6- PROPERTY TAXES

Property tax revenue is recorded in the General Fund and includes delinquent taxes and accrued penalties and interest. Property taxes receivable that is recorded in the government-wide financial statements include all deemed collectible property taxes receivable as of June 30, 2019. Property tax receivables that are recorded in the fund financial statements include only those tax receivables which are considered available. The City considers property taxes as available for fund financial statement purposes if they are collected within 60 days after year end.

CITY OF GLENVIEW, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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NOTE 6- PROPERTY TAXES (CONTINUED)

For the year ended June 30, 2019, the City adopted an ad valorem tax rate of \$.114 per \$100 of assessed valuation of real and personal property (assessed at January 1, 2018).

The total assessed value of the property for the year ended June 30, 2019, of which was billed to taxpayers, amounted to \$247,245,660 which resulted in gross taxes of \$281,860. The total assessed value per the PVA Report amounted to \$247,945,660 which includes \$700,000 of assessments that were incorrectly included in the PVA Report. The tax levy date is July 1, 2018. A 25% discount is allowed if received by September 30 and the gross tax is due by December 31. A 10% penalty plus an additional 1.5% interest per month is charged starting November 1. The City may impose a lien as of January 1. Property tax revenue is recorded net of discounts approximating \$66,241.

NOTE 7- 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 8- POST OFFICE LEASE

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 \$4,095 per year. Rent revenue was \$3,940 for the year ended June 30, 2019 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, 2019, the City incurred maintenance costs on the post office facility of \$616.

In March 2014, the City renewed the aforementioned sublease agreement with the Postal Service. In January 2019, the Postal Service exercised its first five year option to pay the City an annual rental of \$4,095 payable in monthly installments through February 2024.

NOTE 9 - CONDUIT DEBT OBLIGATION

In 2017 the City issued Kentucky Educational Development Improvement and Refunding Revenue Bonds (Chance School Project) Series 2017 in the amount of \$1,800,000. 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 2009 City revenue bonds.

NOTE 9- CONDUIT DEBT OBLIGATION (CONTINUED)

The 2017 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, 2019, there was \$1,704,709 of Educational Development Revenue Bonds outstanding.

NOTE 10 – CONTRACTUAL COMMITMENTS

The City has the following commitments at June 30, 2019:

- A two year agreement with its sanitation contractor with monthly payments of approximately \$7,651 through June 30, 2021. The contract allows for an additional one-year option period at a maximum increase of 3.25%
- An annual agreement with its police patrol provider with monthly payments of \$1,536 through June 30, 2020.
- An annual agreement with its lawn/landscaping contractor (the contractor was paid \$29,594 in 2019)
- A one year agreement with its snow removal contractor through June 30, 2020. (the contractor was paid \$25,115 in 2019)

NOTE 11-CONTINGENCIES

During December, 2017, a resident filed suit against Glenview. The lawsuit arises from Glenview's acceptance of the dedication of a road segment as a public way. The plaintiff, an adjacent property owner, claims that the segment is not public, claims that that action was improper for several reasons and seeks recovery of damages in an unspecified amount and a declaration that Glenview's acceptance of the road is void. The plaintiffs filed a Motion for Declaratory Judgment on the Pleadings in February 2019, and the City filed a Response and Cross-Motion for Declaratory Judgment on the Pleadings in March 2019. The parties have not engaged in written discovery, and are awaiting a decision by the Judge. At this time, it is not possible to predict the outcome of the case.

Anchorage Middletown Fire & EMS (the "District") has filed two lawsuits naming the City of Glenview, Kentucky ("Glenview"), as defendant, Nos. 19C105665 and 19C107950 (collectively, the "Litigation"), both pending in Jefferson Circuit Court. Each of these suits arises from actions Glenview has taken to challenge compliance, by a fire district which has since merged into the District, with provisions of Kentucky's Open Meetings Act. In each instance, Glenview complained to Kentucky's Attorney General that the District's predecessor failed to comply. Kentucky's Attorney General concluded that the District's predecessor had failed to comply in certain respects. The District filed the Litigation to challenge each of those conclusions. In the Litigation, the District requests judgments overruling and vacating the decisions of the Kentucky Attorney General, but it does not request monetary relief from Glenview. Glenview anticipates that the impact of The Litigation upon its financial condition will be limited to the attorneys' fees Glenview incurs in defending the litigation. The legal fees related to this litigation are as follows:

CITY OF GLENVIEW, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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NOTE 11-CONTINGENCIES (CONTINUED)

| | |
|---|-------------------|
| Fees incurred through June 30, 2019 (included as general government expenses in the June 30, 2019 financial statements) | \$ 37,981 |
| Fees incurred in the subsequent period of July through December of 2019 | <u>165,834</u> |
| Total fees incurred through December 31, 2019 | <u>\$ 203,815</u> |

NOTE 12- SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 11, 2020 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.

**CITY OF GLENVIEW, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019**

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE) |
|------------------------------------|----------------------------|-------------------------|-------------------|---|
| RESOURCES AVAILABLE | | | | |
| Fund Balance Carried Forward | \$ 664,848 | \$ 723,787 | \$ 723,787 | \$ - |
| REVENUES | | | | |
| General Fund: | | | | |
| Property taxes | 215,000 | 215,000 | 218,602 | 3,602 |
| Insurance premium taxes | 120,000 | 120,000 | 123,449 | 3,449 |
| Cable franchise fees | 5,000 | 5,000 | 5,432 | 432 |
| Police grant | 4,000 | 4,000 | 4,511 | 511 |
| Post office rent | 3,800 | 3,800 | 3,940 | 140 |
| Interest income | 7,000 | 7,000 | 9,754 | 2,754 |
| Other revenues | | 400 | | (400) |
| Road fund: | 400 | | | |
| Road fund | <u>25,000</u> | <u>25,000</u> | <u>11,704</u> | <u>(13,296)</u> |
| Total Estimated Revenues | <u>380,200</u> | <u>380,200</u> | <u>377,392</u> | <u>(2,808)</u> |
| TOTAL RESOURCES AVAILABLE | 1,045,048 | 1,103,987 | 1,101,179 | (2,808) |
| EXPENDITURES | | | | |
| General Fund: | | | | |
| General government | 144,000 | 150,000 | 146,159 | 3,841 |
| Public works and police | 239,000 | 239,000 | 76,394 | 162,606 |
| Sanitation | 90,000 | 90,000 | 85,810 | 4,190 |
| Road Fund: | | | | |
| Road fund | <u>25,000</u> | <u>25,000</u> | <u>11,704</u> | <u>13,296</u> |
| Total Expenditures | <u>498,000</u> | <u>504,000</u> | <u>320,067</u> | <u>183,933</u> |
| FUND BALANCE AT END OF YEAR | <u>\$ 547,048</u> | <u>\$ 599,987</u> | <u>\$ 781,112</u> | <u>\$ 181,125</u> |

REQUIRED SUPPLEMENTARY INFORMATION

McIntyre & Wooldridge, PSC
Certified Public Accountants

3103 Breckenridge Lane, Suite 3
Louisville, Kentucky 40220
502/493-9373 or 493-9374 (fax)

John M. McIntyre, CPA

Paula E. Wooldridge, CPA

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

INDEPENDENT AUDITOR'S 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, 2019, 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 11, 2020. 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings (Finding 2019-1), that we consider to be a material weakness.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* which is described in the schedule of findings (Finding-2019-2).

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.

McIntyre & Wooldridge, PSC
McIntyre & Wooldridge, PSC
Louisville, Kentucky
January 11, 2020

SCHEDULE OF FINDINGS FOR THE YEAR ENDED JUNE 30, 2019

MATERIAL WEAKNESS IN INTERNAL CONTROL

FINDING 2019-1

Finding description: Our analytical review procedures noted that the property tax revenues reported on the financial statements for the year ended June 30, 2019 appeared to be overstated by approximately \$6,000. The matter was communicated to City management which subsequently reviewed the revenue transactions and determined the following:

1. Due to prepayment of tax in December 2017, two taxpayers duplicated payment in 2018 totaling \$3,100.
2. Twelve taxpayers paid gross taxes when they were entitled to discounted amounts; this overpayment was \$3,035.

Consequently, we proposed an audit adjustment recording a charge to property tax revenues and a corresponding tax refundable liability totaling \$6,135. City management approved the adjustment and recorded such on the financial statements.

RECOMMENDATION-FINDING 2019-1

We recommend that management exercise more diligence in tracking and identifying duplicate tax payments and in ensuring that taxpayers pay the correct amount of tax.

MANAGEMENT'S RESPONSE-FINDING 2019-1

Management will exercise more diligence in tracking and will identify duplicate tax payments and properly refund any overpayments.

COMPLIANCE WITH LAWS AND REGULATIONS

FINDING 2019-2

The City is required to complete an audit and submit the Uniform Financial Information Report (UFIR) to the State by May 1, following the close of the fiscal year. For the fiscal year June 30, 2018, the UFIR was sent to the State on July 24, 2019. Consequently, remittance of municipal aid receipts totaling \$4,691 was suspended by the State and subsequently collected and deposited in October, 2018.

RECOMMENDATION-FINDING 2019-2

We recommend that the City management refer to the attached Kentucky City Required Filings calendar to assist in making timely submissions of the UFIR and other required filings.

MANAGEMENT'S RESPONSE -- FINDING 2019-2

Management will ensure timely submission of all required filings.