

CITY OF PARKWAY VILLAGE, KENTUCKY

**FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

YEAR ENDED JUNE 30, 2017

With

Reports of Certified Public Accountant

**Charles J. Veeneman, CPA, PSC
Certified Public Accountant**

TABLE OF CONTENTS

TABLE OF CONTENTS	2
INDEPENDENT AUDITOR'S REPORT.....	4-5
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position - June 30, 2017.....	8
Statement of Activities - June 30, 2017.....	9
Governmental Funds' Statements:	
Governmental Funds' Balance Sheets - June 30, 2017.....	11
Statement of Governmental Funds' Revenues, Expenditures and Changes In Fund Balances - June 30, 2017.....	12-13
Notes to Financial Statements - June 30, 2017.....	14-20
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund - June 30, 2017	22
Budgetary Comparison Schedule - Road Fund - June 30, 2017	23
Budgetary Comparison Schedule - LGEA Fund - June 30, 2017.....	24
Note To Required Supplementary Information - June 30, 2017	25
INDEPENDENT AUDITOR'S INTERNAL CONTROL AND COMPLIANCE REPORT:	
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.....	27-28
Schedule of Findings and Responses	29-30

INDEPENDENT AUDITOR'S REPORT

CHARLES J. VEENEMAN, CPA, PSC
CERTIFIED PUBLIC ACCOUNTANT

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

2527 Nelson Miller Pkwy.
Suite 205
Louisville, KY 40223
502.244.5043 Fax 502.244.5089

MEMBER
KENTUCKY SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Paul Amshöff, Mayor and the City Commission
City of PARKWAY VILLAGE, KENTUCKY

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and each major fund of the City of PARKWAY VILLAGE, KENTUCKY as of and for the year ended June 30, 2017, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 PARKWAY VILLAGE, KENTUCKY, as of June 30, 2017, 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

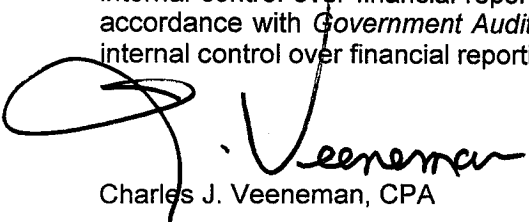
Accounting principles generally accepted in the United States of America require that the Budgetary Comparison information on pages 22-25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. My opinion on the basic financial statements is not affected by this missing information.

Other Information

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated August 30, 2019 (see pages 27-30), on my consideration of the City of PARKWAY VILLAGE, KENTUCKY's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of PARKWAY VILLAGE, KENTUCKY's internal control over financial reporting and compliance.



Charles J. Veeneman, CPA

Louisville, KY
August 30, 2019

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**STATEMENT OF NET POSITION
CITY OF PARKWAY VILLAGE
JUNE 30, 2017**

ASSETS

Current Assets	
Cash	\$ 52,627
Investments	186,081
Accounts receivable	16,443
Total Current Assets	<u>255,151</u>
Non-Current Assets	
Cash, restricted	36,059
Investments, restricted	77,823
Account receivable - Municipal Aid, restricted	1,216
Total Non-Current Assets	<u>115,098</u>
Capital Assets	
Garage/Playground/Gazebo	36,307
Infrastructure	76,354
Total Capital Assets	<u>112,661</u>
Less accumulated depreciation	<u>(50,752)</u>
Capital assets, net	61,909
TOTAL ASSETS	<u><u>\$ 432,158</u></u>

LIABILITIES

Current Liabilities	
Accounts payable	\$ 670
Accrued expenses	2,084
Total Current Liabilities	<u>2,754</u>

NET POSITION:

Net investment in capital assets	61,909
Restricted	
Road Fund	113,984
LGEA Fund	1,114
Unrestricted	
General Fund	252,397
TOTAL NET POSITION	<u><u>\$ 429,404</u></u>

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

**STATEMENT OF ACTIVITIES
CITY OF PARKWAY VILLAGE, KENTUCKY
FOR THE YEAR ENDED JUNE 30, 2017**

EXPENSES - FUNCTIONS/PROGRAMS	Expenses	Operating Grants	Net (Expense) Revenue and Changes in Net Assets
General Government	\$ 116,482	\$ 6	\$ 116,476
Streets and Roads	6,049	13,088	(7,039)
TOTAL EXPENSES	122,531	13,094	109,437
 GENERAL REVENUES			
Taxes			
Insurance premium tax			49,886
Property taxes			59,070
Telecommunications tax			2,612
Investment income			2,943
Business licenses			3,516
Other			715
TOTAL GENERAL REVENUES			118,742
 CHANGE IN NET POSITION			 9,305
Net position, beginning of year - July 1, 2016			420,099
Net position, end of year - June 30, 2017			\$ 429,404

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

GOVERNMENTAL FUNDS' FINANCIAL STATEMENTS

**GOVERNMENTAL FUNDS' BALANCE SHEETS
CITY OF PARKWAY VILLAGE
JUNE 30, 2017**

ASSETS	General Fund	Road Fund	LGEA Fund	Total
Cash	\$ 52,627	\$ -	\$ 1,114	\$ 53,741
Cash - Restricted	-	34,945	-	34,945
Investments	186,081	77,823	-	263,904
Prepaid expenses	-	-	-	-
Accounts receivables	14,305	-	-	14,305
Account receivable-restricted	-	1,216	-	1,216
TOTAL ASSETS	<u>\$ 253,013</u>	<u>\$ 113,984</u>	<u>\$ 1,114</u>	<u>\$ 368,111</u>
LIABILITIES				
Accounts payable	670	-	-	670
Accrued expenses	2,084	-	-	2,084
TOTAL LIABILITIES	<u>2,754</u>	<u>-</u>	<u>-</u>	<u>2,754</u>
FUND BALANCES				
Restricted				
Road Fund	-	113,984	-	113,984
LGEA Fund	-	-	1,114	1,114
Unassigned				
General Fund	250,259	-	-	250,259
TOTAL FUND BALANCES	<u>250,259</u>	<u>113,984</u>	<u>1,114</u>	<u>365,357</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 253,013</u>	<u>\$ 113,984</u>	<u>\$ 1,114</u>	<u>\$ 368,111</u>

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

Reconciliation of the Governmental Fund Balance Sheet to the Statement Of Net Position:

Total fund balances - governmental funds per above \$ 365,357

Amounts reported for governmental activities in the Statement Of
Net Position are different because:

Difference in recognition of financial resources regarding property
tax collections 2,138

Capital assets (\$ 112,661) net of accumulated depreciation (\$ 50,752) are not
financial resources and, therefore, are not reported in the governmental funds. 61,909

Net position of governmental activities per Statement of Net Position (p. 8) \$ 429,404

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

**STATEMENT OF GOVERNMENTAL FUNDS' REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CITY OF PARKWAY VILLAGE, KENTUCKY
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Road Fund	LGEA Fund	Total
REVENUES				
Insurance premium tax	\$ 49,886	\$ -	\$ -	\$ 49,886
Property tax	58,489	-	-	58,489
Other	715	-	-	715
Business license fees	3,516	-	-	3,516
Telecommunications tax	2,612	-	-	2,612
Investment income	1,914	1,029	-	2,943
Intergovernmental revenue	-	13,088	6	13,094
TOTAL REVENUES	117,132	14,117	6	131,255
EXPENDITURES				
General Government	114,311	-	-	114,311
<u>Streets and Roads</u>				
General maintenance	-	-	-	-
Street signs	-	2,185	-	2,185
Streets / Sidewalk repair / Drainage	-	810	-	810
Miscellaneous	-	-	-	-
TOTAL EXPENDITURES	114,311	2,995	-	117,306
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,821	11,122	6	13,949
Fund balances, beginning of year - July 1, 2016	247,438	102,862	1,108	351,408
Fund balances, end of year - June 30, 2017	<u>\$ 250,259</u>	<u>\$ 113,984</u>	<u>\$ 1,114</u>	<u>\$ 365,357</u>

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

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (continued)
CITY OF PARKWAY VILLAGE, KENTUCKY
FOR THE YEAR ENDED JUNE 30, 2017**

Reconciliation to government-wide change in net position:

Net change in Fund Balance per Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances (p. 12)	\$ 13,949
Less: property taxes collected during year ended June 30, 2017 that were recognized as revenue for the Statement of Governmental Fund Revenues and Expenditures and Changes in Fund Balances but not for the Statement of Activities	581
Less: depreciation recorded on Statement of Activities but not on Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances	(5,225)
Change in Net Position per Statement of Activities (p.9)	<u><u>\$ 9,305</u></u>

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

**NOTES TO FINANCIAL STATEMENTS
CITY OF PARKWAY VILLAGE, KENTUCKY
JUNE 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of PARKWAY VILLAGE, KENTUCKY is a Home Rule, Commission class City in Jefferson County, Kentucky. The City operates on a commission plan of government. The executive, legislative and administrative powers of the City are vested in the City Commission. The mayor is a member of the Commission along with four commissioners. The mayor presides at meetings of the commission, calls special meetings of the Commission, administers oaths, and executes and signs legal obligations of the City. The mayor and four commissioners are elected by the citizens.

The City prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Government Accounting Standards Board (GASB). The accompanying financial statements include all activities and functions of the City.

B. Government-Wide and Fund Financial Statements

Two types of financial statements are presented: government-wide statements and fund statements. The Statement of Net Position and the Statement of Activities are government-wide financial statements. They present a long-term view of the City's finances by major funds. The City has three governmental funds: General Fund, Road Fund and Local Government Economic Assistance (LGEA) Fund. The Road Fund accounts for Municipal Road Aid assistance while the LGEA Fund accounts for LGEA assistance. Both receive assistance from the Commonwealth of Kentucky. The General Fund accounts for all activity not accounted for by the Road Fund. The City has no other fund types, such as fiduciary or proprietary funds, nor does the City have any component units.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide financial statements use 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 the related cash flows. Taxes are recognized as revenues in the years for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets.

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available to finance current expenditures of the fund. Expenditures related to claims and judgments are recognized when the obligations are expected to be liquidated with expendable financial resources. The City considers revenues to be available if they are collectible within sixty days after year-end. Those revenues susceptible to accrual are: property taxes, franchise taxes, special assessments, licenses, interest, charges for services, and federal and state grants. Revenues from fines, permits, and donations are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. Earned grant revenue that is not available (as defined above) is deferred to future periods.

**NOTES TO FINANCIAL STATEMENTS
CITY OF PARKWAY VILLAGE, KENTUCKY
JUNE 30, 2017**

D. Fund Accounting

The City uses funds to maintain its financial records during the years. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The City only uses governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The City has the following governmental funds:

General Fund – The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund (Road Fund) – This fund is used to account for funds distributed by the Commonwealth of Kentucky which are legally restricted to expenditures for the construction, maintenance and repair of streets and roads.

Local Government Economic Assistance Fund – This fund is used to account for funds distributed by the Commonwealth of Kentucky which are legally restricted to expenditures for streets and roads, sanitation, law enforcement, fire protection and other priority categories. The City no longer receives this LGEA assistance money since Kentucky has stopped the distribution of this money.

E. Net Position / Fund Balances

In the Statement Of Net Position (page 8), the difference between the City's assets and liabilities is recorded as net position. The three components of net position are as follows:

Net Investment in Capital Assets – This category records capital assets net of accumulated depreciation.

Restricted Net Position – Net position that is restricted by external sources such as banks or by law is reported separately as restricted net position. When assets are restricted in use they are recorded as restricted net position. The city has restricted net position relating to Municipal Road Aid monies received in the Road Fund and restricted net position relating to monies received from Local Government Economic Assistance. The City no longer receives this LGEA monies.

Unrestricted Net Position – This category represents net position not appropriated for expenditures or legally segregated for a specific future use.

In the Governmental Funds' Balance Sheets (page 11), fund balances are segregated in one of the following categories:

Nonspendable – Amounts already paid for inventories, prepaid items, long-term loans and notes receivable and property held for resale.

**NOTES TO FINANCIAL STATEMENTS
CITY OF PARKWAY VILLAGE, KENTUCKY
JUNE 30, 2017**

E. Net Position / Fund Balances (Continued)

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements, or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of the other governments.

Committed – Amounts that can be used only for the specific purposes determined by a formal action of the City Commission.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – Amounts that are not restricted, committed or assigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City's policy for spending restricted resources is to allocate disbursements to restricted funds to the extent such disbursements were budgeted to be paid from restricted funds. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the City Commission has provided otherwise in its commitment or assignment functions.

F. Other Accounting Policies

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could vary from the estimates that were used.

Program Revenues

Program revenues consist of charges for miscellaneous services. Currently, the City has no program revenues.

Indirect Expense

Indirect expenses are minimal and are charged to general administration in the Statement of Activities.

Use of Restricted Net Assets

The City's only restricted net assets are from the Special Revenue Fund (Road Fund) which is required by the State of Kentucky to be used only for street and road construction, maintenance and repair. The City's policy is to charge major costs of maintaining streets and roads to the restricted net assets as long as they are available.

Property Taxes

Property taxes were assessed as of January 1, 2016 and were mailed in November of 2016. The taxes are due by February 15, 2017. Payments postmarked by January 17, 2017 receive a 15% discount. Payments postmarked after the due date of February 15, 2017 receive a 20% late penalty. Interest is charged at the rate of 1% of the tax due if payment is postmarked after March 15, 2017. An additional 1% interest is charged on the fifteenth of each month after March of 2017 until payment is received.

**NOTES TO FINANCIAL STATEMENTS
CITY OF PARKWAY VILLAGE
JUNE 30, 2017**

F. Other Accounting Policies (continued)

Compensated Absences

City policy does not provide for any compensation for absences such as sick, vacation or holiday pay.

Capital Assets

General capital assets result from expenditures in the governmental funds. The assets are reported in the government-wide statement of net assets, but are not reported in the governmental fund balance sheets.

All capital assets are capitalized at cost and updated for additions and retirements during the years. Major improvements to assets are capitalized, but the cost of maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Infrastructure assets such as streets, roads, curbs and gutters, sidewalks, drainage systems and lighting systems acquired by the City have been capitalized. The Net Investment in Capital Assets' Net Position is reported on the Statement of Net Position on page 8.

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in the Statement of Activities (page 9) but not in the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances (page 12).

Estimated useful lives for depreciable assets are as follows:

Building	40 years
Playground	15 years
Gazebo.....	15 years
Infrastructure	25 years

Depreciation expense for the year ended June 30, 2017 was \$ 5,225. Depreciation is recorded in the Statement of Activities (p. 9) but not in the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances (p. 12). On the Statement of Activities, the \$ 5,225 depreciation expense is recorded under the different functions as follows: General Government - \$ 2,171; Streets and Roads – \$ 3,054.

NOTE 2 – CASH DEPOSITS

Deposits in excess of the amount of depository insurance are required by State law and Federal regulations to be secured by collateral pledged by the depositories. At June 30, 2017, the carrying amounts of the City's bank accounts and Investments were \$ 352,590 and the corresponding bank balances were \$ 351,476. All of the City's cash deposits were insured by the Federal Deposit Insurance Corporation

**NOTES TO FINANCIAL STATEMENTS
CITY OF PARKWAY VILLAGE, KENTUCKY
JUNE 30, 2017**

NOTE 3 - INVESTMENTS

The City invests in Certificate of Deposits. A list of the CD's is as follows:

	UNRESTRICTED CERTIFICATES	RESTRICTED CERTIFICATES
King Southern Bank CD, 1.02%, maturity date of September 4, 2017	\$ 17,590	\$ -
Citizens Union Bank CD, 1.00%, maturity date of May 21, 2018	78,919	-
Republic Bank CD, 1.09%, maturity date of October 24, 2017	89,572	-
Sallie Mae Bank CD, 1.35%, maturity date of December 18, 2017	-	76,581
Brokerage money market account	-	1,242
TOTALS	\$ 186,081	\$ 77,823

NOTE 4 - RECEIVABLES

The amounts owed the City at June 30, 2017 are as follows:

	<u>Unrestricted Governmental Funds' Balance Sheet</u>	<u>Restricted Road Fund Balance Sheet</u>	<u>Statement of Net Position</u>
Insurance Premiums Taxes	\$ 12,895	\$ -	\$ 12,895
Kentucky Municipal Aid Receipts	-	1,216	1,216
Property Taxes	3,548	-	3,548
Total Due	\$ 16,443	\$ 1,216	\$ 17,659

Property taxes are reported as a receivable on the Governmental Funds' Balance Sheet if the property tax is paid within sixty days of year-end. On the Statement of Net Position, all collectible property taxes owed are reported as receivables regardless of date paid.

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

During the year ended June 30, 2017, the capital assets and depreciation activity of the City was as follows:

	7/1/2016 Beginning Balance	6/30/2017 Additions	6/30/2017 Deletions	6/30/2017 Ending Balance
<u>COST</u>				
Building	\$ 6,000	\$ -	\$ -	\$ 6,000
Playground equipment	21,333	-	-	21,333
Gazebo	8,974	-	-	8,974
Infrastructure	76,354	-	-	76,354
TOTAL COST	112,661	-	-	112,661
<u>ACCUMULATED DEPRECIATION</u>				
Building	(3,613)	(150)	-	(3,763)
Playground equipment	(2,844)	(1,422)	-	(4,266)
Gazebo	(7,003)	(598)	-	(7,601)
Infrastructure	(32,067)	(3,055)	-	(35,122)
TOTAL ACCUMULATED DEPRECIATION	(45,527)	(5,225)	-	(50,752)
NET ASSET VALUE	\$ 67,134	\$ (5,225)	\$ -	\$ 61,909

**NOTES TO FINANCIAL STATEMENTS
CITY OF PARKWAY VILLAGE, KENTUCKY
JUNE 30, 2017**

NOTE 6 - INTERGOVERNMENTAL REVENUES

Under current provisions of state law, the City receives subsidies from the State of Kentucky for Municipal Aid Receipts. These subsidies are to be spent for the construction, paving, repair or maintenance of streets. The City received \$ 13,088 during the year ended June 30, 2017.

NOTE 7 - RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The City has obtained insurance coverage through the Kentucky League of Cities. The City carries insurance for general liability, workmen's compensation and public officials liability. All risk general liability management activities are accounted for in the General Fund. Expenditures and claims are recognized when probable that a loss has occurred and the amount of the loss can be reasonably estimated. can be reasonable estimated.

The City attorney estimates that the amount of actual or potential insurance claims against the City as of June 30, 2017, will not materially affect the financial condition of the City. Therefore, the General Fund contains no provision for estimated claims. There are no claims against the City as of June 30, 2017.

NOTE 7 - RELATED PARTY TRANSACTIONS

During the year ended June 30, 2017 and through the date of this report, the City had no related party transactions.

NOTE 8 - COMMITMENTS

The City has the following contractual commitments at June 30, 2017:

- A contract with its sanitation provider that provides for solid waste, yardwaste and recycling collection through June 30, 2021. The recycling services are paid by the City at a rate of \$ 307.50 per month. The solid waste and yardwaste are paid directly by the residents and not by the city.
- An interlocal agreement for police services with the City of Audubon Park through June 30, 2018. The annual cost for these services was \$ 57,750 payable in two equal installments - one at July 1, 2017 and one at January 1, 2018. This contract was renewed at July 1, 2018 through June 30, 2020 at an annual rate of \$ 58,000.
- A lease of the land on which lie its public park (parking area, swing sets, fences, picnic tables, and other type of improvements consistent with a public park) for \$ 1 per year though October 31, 2026.

**NOTES TO FINANCIAL STATEMENTS
CITY OF PARKWAY VILLAGE, KENTUCKY
JUNE 30, 2017**

NOTE 9- CONTINGENCIES

The City (along with several other cities) was sued by Louisville Metro Government on an action regarding waste management services. The suit does not request any monetary damages and no financial loss is expected from this lawsuit.

As of the date of this report, the City attorney advises that there is no other known litigation or asserted legal claims against the City.

NOTE 10 - SUBSEQUENT EVENTS

The City has evaluated subsequent events through August 30, 2019, which is the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure needed in these financial statements other than the fact that the City no longer receives assistance from the Local Government Economic Aid (LGEA) Fund.

REQUIRED SUPPLEMENTARY INFORMATION

**BUDGETARY COMPARISON SCHECULE - GENERAL FUND
CITY OF PARKWAY VILLAGE, KENTUCKY
FOR THE YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
RESOURCES AVAILABLE:				
Budgetary fund balance, July 1, 2016	\$ 246,516	\$ 246,516	\$ 293,823	\$ 47,307
CURRENT-YEAR RESOURCES				
Property tax	56,427	56,427	59,070	2,643
Late penalties	400	400	-	(400)
Insurance premium tax	36,000	36,000	49,886	13,886
Business license tax	5,000	5,000	3,516	(1,484)
Liquor license	850	850	-	(850)
Citation / Lien fees	720	720	-	(720)
General interest	1,335	1,335	1,914	579
Franchise fees	2,612	2,612	2,612	-
Tax Sources - Other	5,200	5,200	-	(5,200)
Other - Miscellaneous (incl prior year surplus)	12,693	12,693	715	(11,978)
TOTAL CURRENT-YEAR RESOURCES	<u>121,237</u>	<u>121,237</u>	<u>117,713</u>	<u>(3,524)</u>
TOTAL RESOURCES AVAILABLE FOR APPROPRIATION	367,753	367,753	411,536	43,783
CURRENT-YEAR APPROPRIATIONS				
General Government	109,814	109,814	114,311	(4,497)
TOTAL CURRENT-YEAR APPROPRIATIONS	<u>109,814</u>	<u>109,814</u>	<u>114,311</u>	<u>(4,497)</u>
EXCESS TOTAL RESOURCES OVER (UNDER) TOTAL APPROPRIATIONS	<u>\$ 257,939</u>	<u>\$ 257,939</u>	297,225	<u>\$ 39,286</u>
Differences between budget and full accrual basis			<u>(44,828)</u>	
Fund Balance on a Generally Accepted Accounting Principal Full Accrual Basis - page 8			<u>\$ 252,397</u>	

**BUDGETARY COMPARISON SCHEDULE - ROAD FUND
CITY OF PARKWAY VILLAGE, KENTUCKY
FOR THE YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
RESOURCES AVAILABLE:				
Budgetary fund balance, July 1, 2016	\$ 82,330	\$ 82,330	\$ 102,862	\$ 20,532
 CURRENT-YEAR RESOURCES				
Municipal Road Aid receipts	13,350	13,350	13,088	(262)
Interest income	-	-	1,029	1,029
TOTAL CURRENT-YEAR RESOURCES	13,350	13,350	14,117	767
 TOTAL RESOURCES AVAILABLE FOR APPROPRIATION	95,680	95,680	116,979	21,299
 CURRENT-YEAR APPROPRIATIONS				
<u>Streets and Roads</u>				
General maintenance	4,500	4,500	-	4,500
Street signs	1,000	1,000	2,185	(1,185)
Streets / Sidewalk repair / Drainage	5,000	5,000	810	4,190
Miscellaneous	250	250	-	250
TOTAL CURRENT-YEAR APPROPRIATIONS	10,750	10,750	2,995	7,755
 EXCESS TOTAL RESOURCES OVER (UNDER) TOTAL APPROPRIATIONS	\$ 84,930	\$ 84,930	\$ 113,984	\$ 29,054
Differences between cash and modified accrual basis			-	
Fund Balance on a Generally Accepted Accounting Principal Modified Accrual Basis - page 12			\$ 113,984	

CITY OF DRUID HILLS, KENTUCKY
BUDGETARY COMPARISON SCHEDULE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE
(LGEA) FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
RESOURCES AVAILABLE:				
Budgetary fund balance, July 1, 2016	\$ 1,044	\$ 1,044	\$ 1,108	\$ 64
 CURRENT YEAR RESOURCES				
LGEA receipts	40	40	6	(34)
TOTAL CURRENT YEAR RESOURCES	<u>40</u>	<u>40</u>	<u>6</u>	<u>(34)</u>
Total resources available for appropriation	1,084	1,084	1,114	30
 CURRENT YEAR APPROPRIATIONS				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CURRENT YEAR APPROPRIATIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Excess total resources over (under) total appropriations	\$ 1,084	\$ 1,084	\$ 1,114	<u>\$ 30</u>
 Differences			<u>-</u>	
Fund Balance on a Generally Accepted Accounting Principal Modified Accrual Basis - page 12			<u>\$ 1,114</u>	

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
CITY OF PARKWAY VILLAGE, KENTUCKY
JUNE 30, 2017

BUDGET POLICY AND BASIS OF ACCOUNTING

Budgeted amounts in the financial statements are adopted by ordinance of the City. The City adopts the upcoming annual budget in May or June preceding the budget year beginning July 1. The City may amend the budget, if necessary, due to excess expenditures. The original budget was not amended during the year ended June 30, 2017.

The budget is prepared on a full accrual basis. Revenues and expenses are budgeted by total expected, and the assumption is made that all revenues and expenses will be received or paid within the year. Fixed assets are treated as direct expenses for budget purposes, rather than being capitalized.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL AND COMPLIANCE

CHARLES J. VEENEMAN, CPA, PSC
CERTIFIED PUBLIC ACCOUNTANT

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

2527 Nelson Miller Pkwy.
Suite 205
Louisville, KY 40223
502.244.5043 Fax 502.244.5089

MEMBER
KENTUCKY SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

Government Auditing Standards Report on Internal Control over Financial Reporting and on Compliance and Other Matters- Compliance Findings

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

To the Honorable Paul Amshoff, Mayor and the City Commission
City of PARKWAY VILLAGE, KENTUCKY

I have audited, in accordance with the 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, the financial statements of the governmental activities and each major fund of the City of PARKWAY VILLAGE, KENTUCKY, as of and for the year ended June 30, 2017, and the related Notes To the Financial Statements, which collectively comprise the City of PARKWAY VILLAGE, KENTUCKY's basic financial statements and have issued my report thereon dated August 30, 2019.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City of PARKWAY VILLAGE, KENTUCKY's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of PARKWAY VILLAGE, KENTUCKY's internal control. Accordingly, I do not express an opinion on the effectiveness of the City of PARKWAY VILLAGE, KENTUCKY'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 entity'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.

My 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. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings that I consider to be material weaknesses. I have listed those material weaknesses in the Schedule of Findings and Responses as "2017-1 Finding" and "2017-2 Finding".



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of PARKWAY VILLAGE, KENTUCKY's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as "2017-3 Finding".

City of PARKWAY VILLAGE, KENTUCKY's Response to Findings

The City of PARKWAY VILLAGE, KENTUCKY's responses to the findings identified in my audit are described in the accompanying Schedule Of Findings and Responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the city'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.



Charles J. Veeheman, CPA, PSC

Louisville, KY
August 30, 2019

**SCHEDULE OF FINDINGS AND RESPONSES
CITY OF PARKWAY VILLAGE
FOR THE YEAR ENDED JUNE 30, 2017**

Internal Control

2017-1 Finding

Lack of Segregation of Duties (this is a repeat finding)

- Condition:* One individual prepares deposits, make deposits, pays bills, signs checks, maintains the general ledger and prepares monthly reports. This is too much control in one person's hands.
- Criteria:* The City should have policies in place that provide for checks and balances of each individual's work.
- Cause:* The City has limited resources with which to hire personnel.
- Effect:* The City risks possible loss of monies and possible inaccurate financial reporting.
- Recommendation:* The City should either appoint or hire someone to 1) obtain a copy of the monthly bank statement from each bank and review the transactions of the statement; 2) reconcile property taxes per PVA sheet with the amount deposited and reported on the general ledger; 3) reconcile insurance premiums taxes with a report available from the Department of Insurance; 4) assist in the preparation of the records for year-end reporting.
- Response:* The City agrees with the recommendations and will bring bank statements to monthly meetings for review, post property tax payments to the PVA excel spreadsheet, and reconcile insurance premium taxes with the report available from the Department of Insurance.

2017-2 Finding

Insufficient Controls Over Revenues

- Condition:* During the year ended June 30, 2016, the City received HB 413 grant revenue from the state of Kentucky of approximately \$ 4,800. These funds help to offset some of the city's police costs. The source of these funds were court fees collected throughout the state of Kentucky and allocated to local governments. During the year ended June 30, 2017, the City received none of these HB 413 funds and is unaware of why the funds were not received.
- Criteria:* The City should have policies in effect that allow the monitoring of revenues received.
- Cause:* The cause is unknown but a possible cause is an omission of paperwork due August 1.
- Effect:* The City risks the loss of monies that can be used in its operations.
- Recommendation:* The City should appoint an individual to monitor current revenues and determine the reason if any current revenue ceases.
- Response:* The City agrees with the recommendations and will provide a dated schedule of revenue for the Commission's review and monitoring.

Compliance

2017-3 Finding

Budgeted Expenses Exceeded (this is a repeat finding)

- Condition:* The City's actual expenses for General Government exceeded its budgeted expenses, and the City did not amend its budget.
- Criteria:* The City should, by ordinance, amend its budget if its actual expenses are expected to exceed its budgeted expenses.
- Cause:* The format of the monthly financial statements did not provide sufficient information to monitor the ordinance-passed budget with the actual results.
- Effect:* The City risks violating its ordinance by spending more than budgeted.
- Recommendation:* The City should monitor its budget and amend the budget when actual expenses are expected to exceed budgeted expenses.
- Response:* The City agrees with the recommendations and will amend its budget when actual expenses are expected to exceed budgeted expenses.