

CITY OF ST. REGIS PARK
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

GOODMAN & WEBER, P.S.C
Certified Public Accountants
Louisville, Kentucky

ST. REGIS PARK

Financial Statements
Year ended June 30, 2013

CITY OF ST. REGIS PARK

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INDEPENDENT AUDITOR'S REPORT

Mayor & City Council
City of St. Regis Park, KY

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of St. Regis Park, Kentucky, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Regis Park, Kentucky, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

The budgetary comparison information on pages 14 through 15 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary

information. However, we did not audit the information and express no opinion on it. In addition, management has elected to not provide the management discussion and analysis supplementary information. While it is encouraged to present this information, it is not required.


Goodman & Company, PSC

Louisville, KY 40223
October 15, 2013

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

City of St. Regis Park

Statement of Net Position June 30, 2013 and 2012

	<u>6/30/2013</u>	<u>6/30/2012</u>
Assets		
Cash and Cash Equivalents	\$ 619,792	\$ 496,215
Taxes Receivable	7,268	5,823
Accounts Receivable	3,387	3,260
Prepaid Expenses	-	4,210
Capital Assets, Net of Accumulated Depreciation	<u>449,379</u>	<u>460,371</u>
Total Assets	\$1,079,826	\$ 969,879
Liabilities		
Accounts Payable	\$ 17,082	\$ 25,172
Accrued Liabilities	<u>1,436</u>	<u>1,321</u>
Total Liabilities	\$ 18,518	\$ 26,493
Net Position		
Invested in Capital Assets, Net of Related Debt	\$ 449,379	\$ 460,371
Restricted for: Road Aid	51,067	28,582
Unrestricted	<u>560,862</u>	<u>454,433</u>
Total Net Position	<u>\$1,061,308</u>	<u>\$ 943,386</u>

(See accompanying notes to financial statements.)

City of St. Regis Park

Statement of Activities For the Fiscal Year Ended June 30, 2013

Program Revenues

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Capital Contributions</u>	<u>Governmental Activities</u>	Net (Expense) Revenue & Changes in Net Assets Primary <u>Government</u>
Governmental Activities:				
General Government	\$ (147,857)	\$ -	\$ (147,857)	
Public Safety	(36,000)	-	(36,000)	
Public Works	(19,007)	41,492	22,485	
Sanitation	<u>(105,198)</u>	<u>-</u>	<u>(105,198)</u>	
Total Governmental Activities:	<u>\$ (308,062)</u>	<u>\$ 41,492</u>	<u>\$ (266,570)</u>	
General Revenues				
Taxes:				
Property Taxes, Levied for				
General Purpose			\$ 253,619	
Insurance Premium Tax			92,295	
Grants			21,412	
Investment Earnings			1,543	
Miscellaneous			<u>15,623</u>	
Total General Revenues			\$ 384,492	
Change in Net Position			<u>\$ 117,922</u>	
Net Position – Beginning			\$ 943,386	
Net Position – Ending			<u>\$1,061,308</u>	

(See accompanying notes to financial statements.)

FUND FINANCIAL STATEMENTS

City of St. Regis Park

Balance Sheet Governmental Funds June 30, 2013

	<u>General Road Fund</u>	<u>Municipal Road Fund</u>	<u>Total Government Funds</u>
Assets:			
Cash and Cash Equivalents	\$ 568,725	\$ 51,067	\$ 619,792
Receivables:			
Taxes	7,268	-	7,268
Other	-	3,387	3,387
Total Assets	<u>\$ 575,993</u>	<u>\$ 54,454</u>	<u>\$ 630,447</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$ 17,082	\$ -	\$ 17,082
Accrued Liabilities	1,436	-	1,436
Total Liabilities	\$ 18,518	\$ -	\$ 18,518
Fund Balances:			
Assigned	\$ -	\$ 54,454	\$ 54,454
Unassigned	557,475	-	557,475
Total Fund Balances	\$ 557,475	\$ 54,454	\$ 611,929
Total Liabilities and Fund Balances	<u>\$ 575,993</u>	<u>\$ 54,454</u>	<u>\$ 630,447</u>

(See accompanying notes to financial statements.)

City of St. Regis Park

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position June 30, 2013

Total fund balances - Governmental	\$ 611,929
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	<u>449,379</u>
Net Position for Governmental Activities	<u>\$1,061,308</u>

(See accompanying notes to financial statements.)

City of St. Regis Park

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2013

	<u>General Fund</u>	<u>Municipal Road Aid</u>	<u>Total Governmental Revenues</u>
Revenues:			
Taxes	\$ 253,619	\$ -	\$ 253,619
Insurance Premium Tax	92,295	-	92,295
Licenses, Permits & Fees	7,876	-	7,876
Intergovernmental Revenues	-	41,492	41,492
Interest Received	1,543	-	1,543
Grants	21,412	-	21,412
Miscellaneous	<u>7,747</u>	<u>-</u>	<u>7,747</u>
 Total Revenues	 \$ 384,492	 \$ 41,492	 \$ 425,984
Expenditures:			
Current:			
General Government	140,353	-	140,353
Public Safety	36,000	-	36,000
Public Works	-	15,519	15,519
Sanitation	<u>105,198</u>	<u>-</u>	<u>105,198</u>
 Total Expenditures	 <u>\$ 281,551</u>	 <u>\$ 15,519</u>	 <u>\$ 297,070</u>
 Net Change in Fund Balances	 \$ 102,941	 \$ 25,973	 \$ 128,914
 Beginning Fund Balances	 <u>\$ 454,434</u>	 <u>\$ 28,581</u>	 <u>\$ 483,015</u>
 Ending Fund Balances	 <u>\$ 557,375</u>	 <u>\$ 54,554</u>	 <u>\$ 611,929</u>

(See accompanying notes to financial statements.)

City of St. Regis Park

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities June 30, 2013

Net Change in Fund Balances-total Governmental Funds	\$ 128,914
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation \$(9,000) was greater than capital outlays \$(19,991) in the current period	<u>(10,991)</u>
Change in Net Position of Governmental Activities	<u>\$ 117,922</u>

(See accompanying notes to financial statements.)

REQUIRED SUPPLEMENTARY INFORMATION

City of St. Regis Park

Notes to Financial Statements June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of St. Regis Park, Kentucky (the "City") was founded in 1953. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: streets, sanitation, public improvements, development and zoning and general administrative services. As required by accounting principles generally accepted in the United States of America (GAAP), the accompanying basic financial statements present the activities of the City. The City has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement Nos. 14 and 39.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2004, the City implemented GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (GASB 34). This statement affects the manner in which the City records transactions and presents financial information.

State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports. GASB 34 establishes new requirements and a new reporting model, much like private-sector financial reports, for the annual financial reports of state and local governments. The new format was developed to make annual reports of state and local governments easier to understand and more useful to users of governmental financial information.

Management's Discussion and Analysis – GASB 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the City's financial activities in the form of management's discussion and analysis (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations.

Government-Wide Financial Statements – The reporting model includes financial statements prepared using full accrual accounting for all the City's activities. This approach includes not just current assets and liabilities, but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. Government wide financial statements include the following:

Statement of Net Assets – The statement of net assets is designed to display the financial position of the Primary Government. The City reports capital assets in the government-wide statement of net assets and reports depreciation expense-the cost of "using up" capital assets-in the statement of activities. The net assets of the City are broken down into three categories: 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities – The statement of activities reports expenses and revenues in a format that focuses on the cost of each of the City's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the City has recorded capital assets and certain other long-

City of St. Regis Park

Notes to Financial Statements June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - continued

term assets and liabilities in the statement of net assets and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities. Implementation of GASB 34 had a significant impact on the City's financial statements for the year ended June 30, 2004.

C. BASIC FINANCIAL STATEMENTS

Basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements, and
- Notes to the basic financial statements

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The Governmental activities of the City include general government, public safety, public improvements, cultural and recreation, and general administrative support services.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Indirect expenses are allocated based on the annual cost allocation plan. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, and 2) grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or

City of St. Regis Park

Notes to Financial Statements

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION - continued

soon enough thereafter to pay liabilities of the current period. The City in general considers revenues available if they are collected within 180 days after year-end, except for property taxes, which the City considers available if they are collected within 60 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and claims and judgments which are recognized when payment is due.

For the governmental funds financial statements, the City considers all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically, franchise taxes, interest, special assessments, charges for services, and other miscellaneous revenue are all considered to be susceptible to accrual and have been recognized as revenue in the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and are recorded at the time of receipt or earlier, if the susceptible to accrual criteria are met.

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all the financial resources and the legally authorized activities of the City except those required to be accounted for in other specialized funds.

The Special Revenue Funds (Municipal Aid Fund) are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes.

E. ASSETS, LIABILITIES, AND NET ASSETS

Cash and Cash Equivalents

Under Kentucky Revised Statutes, the City is allowed to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, obligations of the Commonwealth of Kentucky and its agencies, insured savings and loans, or interest bearing deposits of insured national or state banks. The deposits in excess of insurance coverage must be fully collateralized.

City of St. Regis Park

Notes to Financial Statements

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, AND NET ASSETS - continued

The City invests surplus cash at local banks. This investment plan subjects the City to custodial credit risk, the risk that in the event of bank failure the City's deposits may not be recovered. However the City considers this risk immaterial.

Accounts Receivable

Accounts receivable and taxes receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

Capital Assets

Capital assets, which include equipment and infrastructure assets (e.g., street signs, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the City are depreciated using a straight-line method over the following estimated useful lives:

E. ASSETS, LIABILITIES, AND NET ASSETS - continued

<u>Assets</u>	<u>Years</u>
Infrastructure	25
Equipment & Furnishings	5-10

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the City board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the city council. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative assigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

City of St. Regis Park

Notes to Financial Statements

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted fund balance first, the unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

For the government-wide financial statements, net assets are reported as restricted when constraints placed on net assets either: (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt – Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, note, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets – Amount of net assets that are subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – Net assets that are neither classified as restricted nor as invested in capital assets, net of related debt.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of any contingent assets and liabilities at the date of the financial statements and the classifications and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – AD VALOREM TAXES

The City of St. Regis Park adopted a tax rate of 13.8 cents per \$100 of property assessed for taxation. The total real property within the city is \$105,348,160.

Property tax revenues consist of taxes on real estate and are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided. The City

City of St. Regis Park
Notes to Financial Statements
June 30, 2013

NOTE 2 – AD VALOREM TAXES - continued

allows a discount of 5% for taxes paid prior to October 1. The face value amount of the tax is due between October 1 to October 31. Penalties and interest become due on payments received after October 31.

NOTE 3 – INSURANCE PREMIUM TAXES

The City levies an insurance premium tax on non-health, non-worker's compensation insurance, and first year of life insurance policies sold to City residents. The assessed tax is 5% of gross premiums payable on a quarterly basis.

NOTE 4 – SANITATION TAXES

The City levies a sanitation tax upon each residence and the property of utility companies within the City limits. This tax rate is \$215 per household.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	Ending <u>Balance</u>
Fixed Assets:			
Signs	\$ 25,890	\$ -	\$ 25,890
Equipment & Furniture	8,977	-	8,977
Infrastructure	<u>467,963</u>	<u>9,000</u>	<u>476,963</u>
Gross Fixed Assets	\$ 502,830	\$ 9,000	\$ 511,830
Accumulated Depreciation	<u>(42,459)</u>	<u>(19,991)</u>	<u>(62,450)</u>
Net Fixed Assets	<u>\$ 460,371</u>	<u>\$ 10,991</u>	<u>\$ 449,380</u>

Depreciation expense for the year ended June 30, 2013 was \$19,991. This amount is charged to the general fund.

NOTE 6 – COMMITMENTS AND CONTIGENCIES

The City maintains contractual relationships relating to services provided for the benefit of the City. These commitments include annual contractual obligations for sanitation, and public safety. All contracts are current and no invoices are outstanding.

NOTE 7 – SUBSEQUENT EVENTS

The City's subsequent events have been evaluated by management through February 1, 2014, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

City of St. Regis Park

Required Supplementary Information Statement of Revenues, Expenditures and Changes in Fund Balance— Budget and Actual-General Fund For the Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes:				
Property	\$ 243,958	\$ 243,958	\$ 253,619	\$ 9,661
Insurance Premium	75,000	75,000	92,295	17,295
Licenses, Permits, Fees	6,783	6,783	7,876	1,093
Interest Income	3,000	3,000	1,543	1,457
Grants	-	-	21,412	21,412
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>7,747</u>	<u>6,747</u>
Total Revenues	\$ 329,741	\$ 329,741	\$ 384,492	\$ 54,751
Expenditures:				
General Government	\$ 161,002	\$ 161,002	\$ 140,353	\$ 20,649
Public Safety	36,000	36,000	36,000	-
Sanitation	<u>104,698</u>	<u>104,698</u>	<u>105,198</u>	<u>(500)</u>
Total Expenditures	\$ 301,700	\$ 301,700	\$ 281,551	\$ 20,149
Excess (deficiency) of Revenues Over (under) Expenditures				
	\$ 28,041	\$ 28,041	\$ 102,941	\$ 34,602
Beginning Fund Balance	<u>\$ 454,434</u>	<u>\$ 454,434</u>	<u>\$ 454,434</u>	<u>\$ -</u>
Ending Fund Balance	<u>\$ 482,475</u>	<u>\$ 482,475</u>	<u>\$ 557,375</u>	<u>\$ 34,602</u>

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

City of St. Regis Park

Required Supplementary Information Statement of Revenues, Expenditures and Changes in Fund Balance— Budget and Actual-Road Aid Fund For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Intragovernmental Revenue	\$ 29,000	\$ 29,000	\$ 41,492	\$ (12,492)
Total Revenues	\$ 29,000	\$ 29,000	\$ 41,492	\$ (12,492)
Expenditures:				
Public Works	\$ 29,000	\$ 29,000	\$ 15,519	\$ 13,481
Total Expenditures	\$ 29,000	\$ 29,000	\$ 15,519	\$ 13,481
Excess (deficiency) of Revenues Over (under) Expenditures	\$ -	\$ -	\$ 25,973	\$ 25,973
Beginning Fund Balance	\$ 28,581	\$ 28,581	\$ 28,581	\$ -
Ending Fund Balance	\$ 28,581	\$ 28,581	\$ 54,554	\$ 25,973

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

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

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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

Mayor & City Council
City of St. Regis Park, Kentucky

We 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of St. Regis Park, Kentucky, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of St. Regis Park, Kentucky's basic financial statements, and have issued our report thereon dated October 15, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of St. Regis Park, 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of St. Regis Park, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of City of St. Regis Park, 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.

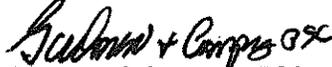
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of St. Regis Park, Kentucky's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.


Goodman & Company, PSC

Louisville, Kentucky
October 15, 2013

