



Van Gorder, Walker & Co., Inc.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and
Members of the Council of the
City of Elsmere, Kentucky**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Elsmere, 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

Our responsibility is to express an opinion 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 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 opinion.

-Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Elsmere, Kentucky as of June 30, 2017 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



-Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 4–8, the budgetary comparison schedule on pages 29-31, and the pension disclosure information on pages 32-33 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.

-Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The combining non-major fund financial statements on pages 34-35 are supplementary information and are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2017 on our consideration of the City of Elsmere, Kentucky's internal control over financial reporting and on our 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 our 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 Elsmere, Kentucky's internal control over financial reporting and compliance.

Van Gorder, Walker & Co., Inc.

Van Gorder, Walker, & Co., Inc.
Erlanger, Kentucky
December 12, 2017

CITY OF ELSMERE, KENTUCKY BALANCE SHEET - GOVERNMENTAL FUNDS June 30, 2017

	General Fund	Street Tax Fund	Municipal Road Fund	Other Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 4,037,849	\$ 67,701	\$ 155,350	\$ 186,160	\$ 4,447,060
Investments	-	121,232	-	-	121,232
Receivables					
Taxes	700,618	33,619	-	-	734,237
Waste collection	42,987	-	-	-	42,987
Intergovernmental	-	-	-	-	-
Other	32,657	-	-	-	32,657
Notes receivable	-	-	-	25,732	25,732
Due from other funds	-	543	-	-	543
Total Assets	<u>\$ 4,814,111</u>	<u>\$ 223,095</u>	<u>\$ 155,350</u>	<u>\$ 211,892</u>	<u>\$ 5,404,448</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 13,749	\$ -	\$ 25,000	\$ -	\$ 38,749
Accrued liabilities	3,523	-	-	-	3,523
Deferred revenue	19,060	33,619	-	25,732	78,411
Due to other funds	543	-	-	-	543
Total Liabilities	<u>36,875</u>	<u>33,619</u>	<u>25,000</u>	<u>25,732</u>	<u>121,226</u>
Fund Balances					
Restricted	-	189,476	130,350	-	319,826
Committed	-	-	-	186,160	186,160
Assigned	1,097,374	-	-	-	1,097,374
Unassigned	3,679,862	-	-	-	3,679,862
Total Fund Balances	<u>4,777,236</u>	<u>189,476</u>	<u>130,350</u>	<u>186,160</u>	<u>5,283,222</u>
Total Liabilities and Fund Balances	<u>\$ 4,814,111</u>	<u>\$ 223,095</u>	<u>\$ 155,350</u>	<u>\$ 211,892</u>	<u>\$ 5,404,448</u>

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

CITY OF ELSMERE, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	General Fund	Street Tax Fund	Municipal Road Fund	Other Funds	Total Governmental Funds
Revenues					
Property tax	\$ 806,525	\$ 517,916	\$ -	\$ -	\$ 1,324,441
Payroll tax	1,651,096	-	-	-	1,651,096
Insurance premium tax	1,012,292	-	-	-	1,012,292
Other taxes	105,508	-	-	-	105,508
Licenses and permits	6,391	-	-	-	6,391
Fines, forfeitures, penalties	29,338	-	-	-	29,338
Charges for services	1,373	-	-	-	1,373
Intergovernmental	90,974	-	169,805	6,555	267,334
Rehabilitation loan payments	-	-	-	8,065	8,065
Interest income	19,919	583	677	502	21,681
Miscellaneous	104,852	-	-	-	104,852
Total Revenues	<u>3,828,268</u>	<u>518,499</u>	<u>170,482</u>	<u>15,122</u>	<u>4,532,371</u>
Expenditures					
Current Expenditures					
General government	597,520	-	-	7,754	605,274
Public safety	1,460,147	-	-	-	1,460,147
Public works and streets	589,860	-	55,293	10,576	655,729
Intergovernmental expenses	267,390	-	-	-	267,390
Planning and inspection	20,019	-	-	-	20,019
Waste collection	65	-	-	-	65
Recreation	24,429	-	-	-	24,429
Miscellaneous	1,556	-	-	-	1,556
Capital outlay	254,926	208,499	100,561	-	563,986
Debt service	-	292,750	-	-	292,750
Total Expenditures	<u>3,215,912</u>	<u>501,249</u>	<u>155,854</u>	<u>18,330</u>	<u>3,891,345</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	612,356	17,250	14,628	(3,208)	641,026
Fund Balance, beginning	4,151,702	172,226	115,722	189,368	4,629,018
Prior period adjustment	13,178	-	-	-	13,178
Fund Balance, ending	<u>\$ 4,777,236</u>	<u>\$ 189,476</u>	<u>\$ 130,350</u>	<u>\$ 186,160</u>	<u>\$ 5,283,222</u>

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

CITY OF ELSMERE, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL (WITH VARIANCES) - GENERAL FUND
For the Year Ended June 30, 2017

	Original Budget	Amendments	Final Budget	Actual	Variance Favorable (Unfavorable)
Budgetary fund balance, July 1	\$ 3,000,000	\$ -	\$ 3,000,000	\$ 4,151,702	\$ 1,151,702
Resources (inflows):					
Taxes	3,105,800	-	3,105,800	3,575,421	469,621
Licenses and permits	18,200	-	18,200	6,391	(11,809)
Intergovernmental	77,700	-	77,700	90,974	13,274
Fines, forfeitures, penalties	41,000	-	41,000	29,338	(11,662)
Charges for services	5,000	-	5,000	1,373	(3,627)
Interest income	5,000	-	5,000	19,919	14,919
Miscellaneous	49,500	25,000	74,500	104,852	30,352
Total resources (inflows)	<u>3,302,200</u>	<u>25,000</u>	<u>3,327,200</u>	<u>3,828,268</u>	<u>501,068</u>
Amounts available for appropriation	<u>6,302,200</u>	<u>25,000</u>	<u>6,327,200</u>	<u>7,979,970</u>	<u>1,652,770</u>
Charges to appropriations (outflows):					
General government	648,160	-	648,160	597,520	50,640
Public safety	1,649,900	-	1,649,900	1,460,147	189,753
Public works	604,900	-	604,900	589,860	15,040
Intergovernmental expense	268,000	-	268,000	267,390	610
Planning and inspection	46,150	-	46,150	20,019	26,131
Waste collection	2,500	-	2,500	65	2,435
Recreation	32,140	-	32,140	24,429	7,711
Capital projects	279,450	122,000	401,450	254,926	146,524
Miscellaneous	-	400,000	400,000	1,556	398,444
Total charges to appropriations	<u>3,531,200</u>	<u>522,000</u>	<u>4,053,200</u>	<u>3,215,912</u>	<u>837,288</u>
Budgetary fund balance, June 30	<u>\$ 2,771,000</u>	<u>\$ (497,000)</u>	<u>\$ 2,274,000</u>	<u>\$ 4,764,058</u>	<u>\$ 2,490,058</u>

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

<p>CITY OF ELSMERE, KENTUCKY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (WITH VARIANCES) - STREET TAX FUND For the Year Ended June 30, 2017</p>

	Original Budget	Amendments	Final Budget	Actual	Variance Favorable (Unfavorable)
Budgetary fund balance, July 1	<u>\$ 126,000</u>	<u>\$ -</u>	<u>\$ 126,000</u>	<u>\$ 172,226</u>	<u>\$ 46,226</u>
Resources (inflows):					
Steet tax	500,000	-	500,000	517,916	17,916
Intergovernmental	-	-	-	-	-
Interest	150	-	150	583	433
Total resources (inflows)	<u>500,150</u>	<u>-</u>	<u>500,150</u>	<u>518,499</u>	<u>18,349</u>
Amounts available for appropriation	<u>626,150</u>	<u>-</u>	<u>626,150</u>	<u>690,725</u>	<u>64,575</u>
Charges to appropriations (outflows):					
Debt service payments	295,000	-	295,000	292,750	2,250
Street repair	-	-	-	-	-
Capital projects	<u>245,000</u>	<u>400</u>	<u>245,400</u>	<u>208,499</u>	<u>36,901</u>
Total expenses (outflows)	<u>540,000</u>	<u>400</u>	<u>540,400</u>	<u>501,249</u>	<u>39,151</u>
Budgetary fund balance, June 30	<u>\$ 86,150</u>	<u>\$ (400)</u>	<u>\$ 85,750</u>	<u>\$ 189,476</u>	<u>\$ 103,726</u>

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

<p>CITY OF ELSMERE, KENTUCKY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL (WITH VARIANCES) - MUNICIPAL ROAD FUND For the Year Ended June 30, 2017</p>
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	Original Budget	Amendments	Final Budget	Actual	Variance Favorable (Unfavorable)
Budgetary fund balance, July 1	\$ 114,000	\$ -	\$ 114,000	\$ 115,722	\$ 1,722
Resources (inflows):					
Intergovernmental	163,000	-	163,000	169,805	6,805
Interest	150	-	150	677	527
Total resources (inflows)	<u>163,150</u>	<u>-</u>	<u>163,150</u>	<u>170,482</u>	<u>7,332</u>
Amounts available for appropriation	<u>277,150</u>	<u>-</u>	<u>277,150</u>	<u>286,204</u>	<u>9,054</u>
Charges to appropriations (outflows):					
Street repair	125,000	-	125,000	55,293	69,707
Capital street projects	118,000	400	118,400	100,561	17,839
	<u>243,000</u>	<u>400</u>	<u>243,400</u>	<u>155,854</u>	<u>87,546</u>
Budgetary fund balance, June 30	<u>\$ 34,150</u>	<u>\$ (400)</u>	<u>\$ 33,750</u>	<u>\$ 130,350</u>	<u>\$ 96,600</u>

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