

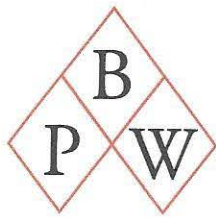
CITY OF LYNNVIEW
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

CONTENTS

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	<u>Pages</u>
Independent Auditors' Report on the Financial Statements	1 - 2
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	3 - 7
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet - Governmental Funds	10
Reconciliation of the Governmental Funds	
Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues,	
Expenditures, and Changes in Fund Balances of	
Governmental Funds to the Statement of Activities	13
Notes to Financial Statements	14 - 25
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	26 - 27
Budgetary Comparison Schedule - Kentucky Municipal Aid Road Fund	28
Notes to the Required Supplementary Information on Budgetary Reporting	29
Independent Auditors' 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	30 - 31
Schedule of Findings and Responses	32

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Council
City of Lynnview, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Lynnview, Kentucky as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Lynnview, Kentucky'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.

Auditors' 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 auditors' 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 and each major fund of the City of Lynnview, Kentucky, as of 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 through 7 and the budgetary comparison information on pages 26 through 29 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 *Government Auditing Standards*, we have also issued our report dated November 11, 2019, on our consideration of the City of Lynnview, 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 solely 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 the effectiveness of the City of Lynnview, Kentucky's 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 Lynnview, Kentucky's internal control over financial reporting and compliance.

Bechtler, Parker & Watts

Bechtler, Parker & Watts

Louisville, Kentucky

November 11, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Lynnview, Kentucky's (the City) financial performance provides an overview of the City's financial activities for the year ended June 30, 2019. Please read it in conjunction with the City's financial statements, which begin on Page 8.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities by \$415,848 (net position) for this fiscal year. That is an increase of \$27,330 over the previous fiscal year. This increase is due to an increase in total assets of \$571,014 along with an increase in total liabilities of \$543,684.
- The three largest sources of revenue for the City this fiscal year were charges for services, property taxes, and insurance taxes. Those sources accounted for 88.44% of the City's overall revenue. Overall revenue for the City decreased by \$10,955 to \$323,697 during this fiscal year.
- The City's expenses for this fiscal year increased by \$39,946 to \$296,367. This increase was primarily driven by a decrease in spending on public safety of \$14,368 and an increase in spending on general government expenses of \$51,781.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (on Pages 8 and 9) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on Page 10. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on Page 8. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of this year's activities?" The statement of net position and the statement of activities report information about the City as a whole and about its activities in a way that helps answer this question. The statement of net position includes all assets and deferred outflows of resources as well as the liabilities and deferred inflows of resources, with the difference between them presented as net position.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This is better known as the accrual basis of accounting, which is similar to the accounting basis used by most private-sector companies.

These two statements report the City's net position and changes in them. You can think of the City's net position as one way to measure the City's health, or financial position. Over time, increases and decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall financial health of the City.

To aid in the understanding of the statement of activities some additional explanation is provided. Of particular interest is the format that is significantly different from a typical statement of revenues, expenses, and changes in fund balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense)/revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions of the City's taxpayers. It also identifies how much of each function draws from the general revenues or if it is self-financing through fees and grants.

CONDENSED FINANCIAL INFORMATION

The following condensed financial information has been derived from the government-wide financial statements.

The total assets of the City increased by \$571,014 in fiscal year 2019 as compared to fiscal year 2018, and the liabilities of the City increased by \$543,684 over the same period of time.

	2019	2018
ASSETS		
Current assets	\$511,590	\$247,742
Depreciable capital assets, Net of Accumulated Depreciation of (\$326,009 and \$312,849, respectively)	458,456	151,290
TOTAL ASSETS	\$970,046	\$399,032
LIABILITIES		
Current liabilities	\$347,115	\$10,514
Other than current liabilities	207,083	0
TOTAL LIABILITIES	\$554,198	\$10,514
NET POSITION		
Net investment in Capital assets	\$458,456	\$151,290
Restricted	53,029	46,426
Unrestricted (deficit)	(95,637)	190,802
TOTAL NET POSITION	\$415,848	\$388,518

GOVERNMENTAL REVENUES

The City's primary sources of revenues in this fiscal year were property taxes and charges for services. These two sources comprise 69.30% and 64.92% of the total revenue collected in the fiscal years ending 2019 and 2018, respectively. Total revenues for the year ended June 30, 2019 were \$323,697, which is a decrease of \$10,955 over the previous fiscal year. Revenues were reported as follows:

	2019		2018	
	Amount	Percentage	Amount	Percentage
Program revenues				
Charges for services	\$115,439	35.66%	\$101,383	31.32%
Operating grants and contributions	19,758	6.10%	23,036	7.12%
TOTAL PROGRAM REVENUES	135,197	41.77%	124,419	38.44%

GOVERNMENTAL REVENUES (Continued)

	2019		2018	
	Amount	Percentage	Amount	Percentage
General revenues				
Property taxes	\$108,871	33.63%	\$115,872	35.80%
Motor vehicle taxes	5,055	1.56%	5,572	1.72%
Insurance tax	61,978	19.15%	69,019	21.32%
Franchise tax	3,928	1.21%	3,522	1.09%
Penalties and interest	1,725	0.53%	4,894	1.51%
Interest income	2,943	0.91%	940	0.29%
Sale of surplus property	4,000	1.24%	10,414	3.22%
TOTAL GENERAL REVENUES	188,500	58.23%	210,233	64.95%
TOTAL REVENUES	\$323,697	100.00%	\$334,652	103.38%

Governmental expenses

Expenses for the year ended June 30, 2019 were \$296,367, which represents an increase of \$39,946 over the previous fiscal year. Expenses were as follows:

	2019		2018	
	Amount	Percentage	Amount	Percentage
Program expenses				
General government	\$227,377	76.72%	\$175,596	59.25%
Public safety	48,720	16.44%	63,088	21.29%
Streets and roads	20,270	6.84%	17,737	5.98%
TOTAL PROGRAM EXPENSES	\$296,367	100.00%	\$256,421	86.52%

Excess Revenues over Expenses

	2019	2018
Total Revenues	\$323,697	\$334,652
Total Expenditures	296,367	256,421
EXCESS OF REVENUES OVER EXPENSES	\$27,330	\$78,231

Changes in Net Position

	2019	2018
Beginning Net Position	\$388,518	\$310,287
Change in Net Position	27,330	78,231
ENDING NET POSITION	\$415,848	\$388,518

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Our analysis of the City's major funds begins on Page 10. The fund financial statements provide detailed information about the governmental fund - not the City as a whole. Most of the City's basic services are reported in the governmental fund, which focuses on how money flows into and out of the fund and the balance left over at year-end is available for spending in the next period. This fund is reported using the accounting method called the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The government fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and statement of activities) and governmental fund in a reconciliation at the bottom of the fund financial statements.

GENERAL FUND BUDGETARY FUND HIGHLIGHTS

For the year ended June 30, 2019, general fund revenues of \$298,379 were \$3,351 less than the \$301,730 budgeted. Revenues with significant variations from budget included property taxes, occupational taxes, and insurance tax.

For the year ended June 30, 2019, general fund expenditures of \$591,318 were \$318,318 more than the \$273,000 budgeted. This is primarily due to the cost of street paving that was financed with a Revenue Bond.

CAPITAL ASSETS

For the year ended June 30, 2019, the City had \$784,465 invested in capital assets. A schedule of the changes in capital assets during the fiscal year is as follows:

	2018 Beginning Balance	Additions	Retirements	2019 Ending Balance
Governmental Activities				
Depreciable Assets:				
Buildings and Improvements	\$84,399	\$ 2,502	\$ -	\$86,901
Machinery and Equipment	5,482	-	2,522	2,960
Infrastructure	374,258	320,346	-	694,604
Total depreciable assets	464,139	322,848	2,522	784,465
Accumulated Depreciation:				
Buildings and Improvements	76,526	442	-	76,968
Machinery and Equipment	4,911	571	2,522	2,960
Infrastructure	231,412	14,669	-	246,081
Total accumulated depreciation	312,849	15,682	2,522	326,009
Governmental Activities Capital Assets, Net	\$151,290	\$307,166	\$0	\$458,456

DEBT

At year end, the City had \$255,000 in bonds outstanding compared to \$0 last year.

	Governmental Activities	
	2019	2018
Revenue bond (backed by the City)	\$255,000	\$0

New debt resulted from issuing revenue bonds for street paving.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The budget for the upcoming fiscal year anticipates a slight increase in property tax revenues due to increased property values. An additional source of revenue can also be generated as the City continues to seek a permanent renter for unused space in the City Hall building. City leaders have once again committed to continued savings and investments that will further stabilize the long-term outlook for the City. As was the commitment in former budgets, it is planned to continue its monthly deposits into our investment fund. Projected savings interest revenues will continue to grow because of this effort. The administration continues to evaluate, analyze, and maintain all monthly expenses so existing services will continue to be provided and improved when possible. ZERO tax increases remains the number one priority of our city leaders.

In the next fiscal year, there are plans to continue infrastructure upgrades which include the remodel of City Hall entrance hallway and external doors. ADA sidewalk renovations will happen at Warbler Way and Gilmore Lane, as well as Bluebird Avenue and Gilmore Lane. The signature entrance sign will be completed and landscaping efforts along Preston Drive will be a key initiative.

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 finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the City Clerk's office at 1241 Gilmore Lane, Louisville, KY 40213.

CITY OF LYNNVIEW
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Primary Government</u> <u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents (\$304,785 restricted)	\$ 342,095
Certificate of deposit	131,657
Prepaid expenses	720
Receivables (\$3,244 restricted)	37,118
	<hr/> 511,590
Capital Assets, net of accumulated depreciation:	<hr/> 458,456
TOTAL ASSETS	<hr/> \$ 970,046 <hr/>
<u>LIABILITIES</u>	
Accounts payable	\$ 298,523
Payroll taxes withheld	675
Noncurrent liabilities:	
Due within one year	47,917
Due in more than one year	207,083
	<hr/> 207,083
TOTAL LIABILITIES	<hr/> \$ 554,198 <hr/>
<u>NET POSITION</u>	
Net invested in capital assets	\$ 458,456
Restricted for road maintenance	53,029
Unrestricted (deficit)	(95,637)
	<hr/> (95,637)
TOTAL NET POSITION	<hr/> \$ 415,848 <hr/>

CITY OF LYNNVIEW
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

		<u>PROGRAM REVENUES</u>		<u>NET (EXPENSES) AND REVENUES AND CHANGES IN NET ASSETS</u>
		<u>CHARGES</u>	<u>OPERATING</u>	<u>PRIMARY GOVERNMENT</u>
	<u>EXPENSES</u>	<u>FOR</u>	<u>GRANTS</u>	<u>GOVERNMENTAL</u>
		<u>SERVICES</u>		<u>ACTIVITIES</u>
<u>PRIMARY GOVERNMENT</u>				
<u>GOVERNMENTAL ACTIVITIES:</u>				
General government	\$ 227,377	\$ 115,439	\$ -	\$ (111,938)
Public safety	48,720	-	1,101	(47,619)
Streets and roads	20,270	-	18,657	(1,613)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 296,367</u>	<u>\$ 115,439</u>	<u>\$ 19,758</u>	<u>\$ (161,170)</u>
		<u>GENERAL REVENUES</u>		
		Taxes:		
		Property taxes	\$	108,871
		Motor vehicles tax		5,055
		Insurance premium tax		61,978
		Franchise tax		3,928
		Penalties and interest		1,725
		Interest income		2,943
		Sale of surplus property		4,000
		TOTAL GENERAL REVENUES	\$	188,500
CHANGES IN NET POSITION			\$	27,330
NET POSITION, Beginning of year				388,518
NET POSITION, End of year			\$	415,848

CITY OF LYNNVIEW
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>			
Cash	\$ 37,310	\$ 304,785	\$ 342,095
Certificate of deposit	131,657	-	131,657
Taxes and intergovernmental receivables	33,874	3,244	37,118
Prepaid expenses	720	-	720
Due from other funds	430	-	430
 TOTAL ASSETS	 <u>\$ 203,991</u>	 <u>\$ 308,029</u>	 <u>\$ 512,020</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Accounts payable	\$ 298,523	\$ -	\$ 298,523
Payroll taxes withheld	675	-	675
Due to other funds	-	430	430
 TOTAL LIABILITIES	 <u>\$ 299,198</u>	 <u>\$ 430</u>	 <u>\$ 299,628</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue	\$ 14,090	\$ -	\$ 14,090
 TOTAL DEFERRED INFLOWS OF RESOURCES	 <u>\$ 14,090</u>	 <u>\$ -</u>	 <u>\$ 14,090</u>
<u>FUND BALANCES</u>			
Restricted for Road Maintenance	\$ -	\$ 307,599	\$ 307,599
Assigned	720	-	720
Unassigned (deficit)	(110,017)	-	(110,017)
 TOTAL FUND BALANCES	 <u>\$ (109,297)</u>	 <u>\$ 307,599</u>	 <u>\$ 198,302</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	 <u>\$ 203,991</u>	 <u>\$ 308,029</u>	 <u>\$ 512,020</u>

CITY OF LYNNVIEW
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2019

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	198,302
Amounts reported for governmental activities in the statement of net assets are different because of the following:		
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.		458,456
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. This is the amount of bonds payable.		(255,000)
Certain tax revenues are earned but not available and therefore are shown as unavailable revenue in the fund financial statements		<u>14,090</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>415,848</u></u>

CITY OF LYNNVIEW
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>			
Property taxes	\$ 106,371	\$ -	\$ 106,371
Occupational tax	35,641	-	35,641
Franchise tax	3,928	-	3,928
Insurance premium tax	61,978	-	61,978
Motor vehicle tax	5,055	-	5,055
Penalties and interest	1,725	-	1,725
Municipal road aid	-	18,657	18,657
Public Safety HB 413	1,101	-	1,101
Interest income	2,782	161	2,943
Licenses and permits	9,035	-	9,035
Charges for services	70,550	-	70,550
Miscellaneous income	213	-	213
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	\$ 298,379	\$ 18,818	\$ 317,197
	<hr/>	<hr/>	<hr/>
<u>EXPENDITURES</u>			
General government	\$ 226,364	\$ -	\$ 226,364
Public safety	48,720	-	48,720
Streets and public works	1,455	4,146	5,601
Capital outlay	314,779	8,069	322,848
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ 591,318	\$ 12,215	\$ 603,533
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (292,939)	\$ 6,603	\$ (286,336)
	<hr/>	<hr/>	<hr/>
<u>OTHER FINANCING SOURCES</u>			
Proceeds from revenue bond		255,000	255,000
Sale of surplus property	4,000	-	4,000
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	\$ (288,939)	\$ 261,603	\$ (27,336)
	<hr/>	<hr/>	<hr/>
FUND BALANCES - Beginning of year	179,642	45,996	225,638
	<hr/>	<hr/>	<hr/>
FUND BALANCES - End of year	\$ (109,297)	\$ 307,599	\$ 198,302
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF LYNNVIEW
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	(27,336)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Certain tax revenues will not be collected for several months after the City's fiscal year end and they are not considered "available" resources. These revenues are shown as a deferred inflow in the fund financial statements.		2,500
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Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the useful lives of the asset.

Capital outlay	\$ 322,848	
Depreciation expense	(15,682)	307,166

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.		(255,000)
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NET CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	27,330
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CITY OF LYNNVIEW
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE: 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING ENTITY

The City of Lynnview, Kentucky (the City) is a home-rule city with a population under 1,000 and is located in Jefferson County, Kentucky. It operates under an elected mayor-council form of government. The City provides the following services authorized by its charter: public safety, sanitation, and street maintenance. Primary revenue sources are property taxes, insurance taxes, and municipal road aid. Those revenues susceptible to accrual are property taxes, insurance taxes, and municipal road aid.

All significant activities and organizations on which the City exercises oversight responsibility have been included in the City's financial statements, for the year ended, June 30, 2019. The following criteria regarding manifestation of oversight were considered by the City in its evaluation of City organizations and activities:

Financial interdependency - The City is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the City.

Election of the government authority - The locally elected City Council is exclusively responsible for all public decisions and accountable for the decisions it makes.

Ability to significantly influence operations - The City Council has the statutory authority under the provisions of the Revised Statutes to significantly influence operations. This authority includes, but is not limited to, adoption of the budget, control over all assets, including facilities and properties, short-term borrowing, signing contracts, and developing the programs to be provided.

Accountability of fiscal matters - The responsibility and accountability over all funds is vested in the City management.

After consideration of the above criteria, no additional entities are deemed to be component units of the City.

BASIC FINANCIAL STATEMENTS

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the City are classified as governmental activities; the City has no business-type activities.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

These financial statements display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds.

In the Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

CITY OF LYNNVIEW
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE: 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

The Statement of Activities reports both the gross and net cost of each of the City's functions (general government, police, and streets and roads). The functions are also supported by general government revenues (property taxes and insurance taxes). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general government, public safety, and streets and roads). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital specific grants.

The net costs, by function, are normally covered by general revenue (property taxes, insurance taxes, etc.). The City does not allocate indirect costs and all interfund activity is eliminated in the government-wide financial statements.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

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 that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. 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 emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds, except that the primary operating fund of the City, the general fund, is always considered major. Those criteria for evaluation of all other funds are as follows:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category type; and
- b. Total assets and deferred outflows or resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

CITY OF LYNNVIEW
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE: 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND FINANCIAL STATEMENTS (Continued)

The funds of the financial reporting entity are described below:

Governmental Type Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The City reports these major governmental funds and fund types:

GENERAL FUND - The General Fund is the City'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.

SPECIAL REVENUE FUNDS - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes. The City accounts for state road funds in the special revenue fund and considers it to be a major fund.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the "current financial resources" measurement focus is used. Only current financial assets and liabilities are generally included on the balance sheet. The operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. This modified accrual basis of accounting recognizes revenues when they are "measurable and available". Measurable means that the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Under the modified accrual basis of accounting, expenditures are recorded when a liability is incurred, as under accrual accounting.

CITY OF LYNNVIEW
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE: 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Basis of Accounting

In the government-wide statement of net position and the statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gain, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are presented 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 that the amount can be determined. Available means collectible within the current period or within sixty days after year end. Under the modified accrual basis of accounting expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recorded when due.

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 City Council 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.

DEPOSITS AND INVESTMENTS

Cash and cash equivalents include all cash accounts which are not subject to withdrawal restrictions or penalties, and certificates of deposit with original maturities of 90 days or less.

The City has invested in a certificate of deposit with a federally insured financial institution. The certificate of deposit is recorded at cost plus accumulated interest which approximates fair value. Interest is added to the certificate of deposit as it is earned.

CITY OF LYNNVIEW
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE: 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RECEIVABLES

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major balances for the governmental activities include property taxes, insurance taxes, and intergovernmental receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes, insurance taxes, and intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions, collectible but not available are deferred in the fund financial statements in accordance with modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis.

The management of the City believes that all accounts receivable are fully collectible. Therefore, no allowance for doubtful accounts was recorded.

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 assets. Capitalized assets are recorded at historical cost if purchased or constructed. For financial reporting purposes, the City's policy is to only capitalize individual assets with a value of \$1,000 or greater.

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.

Buildings and improvements	10 to 50 years
Infrastructure	15 to 75 years
Machinery and equipment	5 to 15 years

DUE TO AND FROM OTHER FUNDS

Interfund receivables and payables are recorded by all funds in the period in which transactions are executed on the fund financial statements. Interfund receivables and payables within governmental activities are eliminated in the statement of net position.

DEFERRED INFLOW/OUTFLOW OF RESOURCES

Deferred Outflows:

The City reports decreases in net position/fund balances that relate to future periods as deferred outflows of resources in a separate section of its government-wide Statement of Net Position/Fund Financials Balance Sheet - Governmental Funds. No deferred outflows of resources affected either of these financial statements in the current year.

CITY OF LYNNVIEW
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE: 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEFERRED INFLOW/OUTFLOW OF RESOURCES (Continued)

Deferred Inflows:

The City reports increases in net position/fund balances that relate to future periods as deferred inflows of resources in a separate section of its government-wide Statement of Net Position/Fund Financials Balance Sheet - Governmental Funds. The City had no deferred inflows of resources to report in the government-wide Statement of net position; however, such amounts are reported in the Fund Financial Statement. The City only has one type of item which occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, deferred property taxes are reported in the Fund Financials Balance Sheet - Governmental Funds as unavailable revenue.

ACCOUNTS PAYABLE

Accounts payable consist of trade payable to vendors who provide goods and services to the City.

EQUITY CLASSIFICATIONS

Government-Wide Statements

The City reports the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources as net position. Net position is divided into three categories defined as follows:

- a. Net Investment in Capital Assets - Consists of the historical cost of capital assets including restricted capital assets, less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- b. Restricted Net Position - Consists of assets that are restricted by the City's creditors (for example through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), by other contributors, or by enabling legislation.
- c. Unrestricted Net Position - Balance of net position not meeting the requirements of the other two categories.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities in the financial statements.

CITY OF LYNNVIEW
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE: 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

EQUITY CLASSIFICATIONS (Continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- a. Nonspendable - Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted - Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- c. Committed - Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution.
- d. Assigned - Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval by City Council.
- e. Unassigned - All amounts not included in other spendable classification.

Expenditures are considered paid from restricted funds first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first from committed, then assigned, and finally unassigned.

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and obligations are reported as liabilities. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

REAL AND PERSONAL PROPERTY TAX REVENUE

The City assesses property taxes in July of each calendar year (\$0.2970 per \$100 of assessed value) based upon an assessment date of January 1st. Bills are mailed once they are prepared (usually in July) and are payable by December 31st of the same year. Bills paid prior to November 1st are allowed a discount of 2%; bills paid after that date, but before January 1st of the following year, are not allowed a discount, nor are they subject to any penalties. Bills paid on January 1st of the next year or after will be declared delinquent. All bills paid on or after January 1st will bear interest at a rate of 12% per annum, compounded monthly until paid. Additionally, a penalty of 10% of the amount shall be added for non-payment for each month the payment is delinquent. The City has no formal policies concerning lien dates.

The City also assesses an ad valorem tax on motor vehicles (\$0.1190 per \$100 of assessed value) which is collected and remitted to the City by the Jefferson County Clerk's office, a sanitation user fee of \$55.45 per household, and a special ad valorem tax to help defray the cost of garbage collection (\$0.1000 per \$100 of assessed value).

CITY OF LYNNVIEW
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE: 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

OCCUPATIONAL LICENSE FEES

The City imposes an occupational license fee on all businesses operating within City limits. The minimum fee imposed under this ordinance is \$187.00. Gross receipts in excess of \$100,000 are charged \$750 plus \$1 for each \$1,000 or fraction thereof that gross receipts exceeds \$100,000. Effective July 1, 2018, gross receipts in excess of \$100,000 will be charged \$1,000 plus \$1 for each \$1,000 or fraction thereof that gross receipts exceeds \$100,000.

INSURANCE TAXES

The City collects insurance premium taxes on the sale of life, property and casualty insurance policies. The City's tax rate assessed on insurance premiums is 5%.

EXPENDITURES/EXPENSES

In the government-wide financial statements, expenses are classified by function.

In the fund financial statements, governmental funds are classified by character: current, debt service, and capital outlay. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principals requires the 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 classifications and reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

NOTE: 2. DEPOSITS AND INVESTMENTS

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. The City typically invests surplus cash at local banks in the form of savings accounts or money market accounts. This plan subjects the City to the following types of risk:

Custodial Credit Risk - this is the risk that in the event of the failure of a counterparty (e.g., a bank) the City will not be able to recover the full value of its deposits or investments. The City does not have a formal investment policy to deal with this risk, but the City considers this risk immaterial.

Concentration of Credit Risk - this is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City has addressed this risk by purchasing investments that are secured by FDIC insurance.

CITY OF LYNNVIEW
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE: 2. DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk - this is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater sensitivity of its fair value to changes in market interest rates. The City has attempted to address this risk by keeping deposits in interest bearing accounts that adjust with the market.

All deposits of the City were fully insured by the Federal Deposit Insurance Corporation as of June 30, 2019.

NOTE: 3. CERTIFICATE OF DEPOSIT

The City's investments are in certificates of deposit with federally insured banks. The maturities of these certificates of deposit are as follows:

<u>Maturing</u>	<u>General Fund Fair Value</u>
Within 1 year	\$ 131,657

NOTE: 4. RECEIVABLES

Receivables at June 30, 2019 consisted of the following:

<u>Receivable Type</u>	<u>Statement of Net Position</u>	<u>Balance Sheet - Governmental Funds</u>	
	<u>Governmental Activities</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Property tax and sanitation fees	\$ 14,090	\$ 14,090	\$ -
Insurance tax	17,184	17,184	-
Municipal road aid	3,244	-	3,244
Receivable - Sale of mower	2,600	2,600	-
	<u>\$ 37,118</u>	<u>\$ 33,874</u>	<u>\$ 3,244</u>

NOTE: 5. CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended June 30, 2019 was as follows:

	<u>Balance 6/30/2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2019</u>
<u>Governmental Activities</u>				
Depreciable assets:				
Buildings and				
Improvements	\$ 84,399	\$ 2,502	\$ -	\$ 86,901
Machinery and Equipment	5,482	-	2,522	2,960
Infrastructure	374,258	320,346	-	694,604
Total depreciable assets	<u>\$ 464,139</u>	<u>\$ 322,848</u>	<u>\$ 2,522</u>	<u>\$ 784,465</u>

CITY OF LYNNVIEW
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE: 5. CAPITAL ASSETS AND DEPRECIATION (Continued)

	Balance 6/30/2018	Additions	Retirements	Balance 6/30/2019
<u>Governmental Activities</u>				
Accumulated depreciation:				
Buildings and Improvements	\$ 76,526	\$ 442	\$ -	\$ 76,968
Machinery and Equipment	4,911	571	2,522	2,960
Infrastructure	231,412	14,669	-	246,081
Total accumulated depreciation	\$ 312,849	\$ 15,682	\$ 2,522	\$ 326,009
Governmental Activities Capital assets, Net	\$ 151,290	\$ 307,166	\$ -	\$ 458,456

Depreciation expense of \$15,682 was allocated to the various functions on the statement of activities as follows:

<u>Governmental Activities</u>	
General government	\$ 1,013
Public works	14,669
Total	\$ 15,682

NOTE: 6. LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and obligations are reported as liabilities. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

Changes in long-term liabilities for the year ended June 30, 2019 were as follows:

	Balance 6/30/2018	Additions	Retirements	Balance 6/30/2019
<u>Governmental Activities</u>				
Revenue bonds	\$ -	\$ 255,000	\$ -	\$ 255,000
Total Governmental Activities	\$ -	\$ 255,000	\$ -	\$ 255,000

Amounts due in one year are \$47,917 as of June 30, 2019.

Revenue Bonds issued are for the purpose of street paving. The City pledges income from Municipal Road Aid to pay the debt.

CITY OF LYNNVIEW
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE: 6. LONG-TERM LIABILITIES (Continued)

Revenue bonds outstanding at June 30, 2019 were as follows:

	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Principal at June 30, 2019</u>
Revenue bonds, Series 2019A (1)	2.50%	January 1, 2024	\$ 255,000

(1) \$255,000 Revenue Bond - fully registered bonds payable in monthly installments ranging from \$4,292 to \$5,175 and is due January 1, 2024. Interest is payable monthly; The bond was issued to fund street paving. The bond is backed by the City.

Annual debt service requirements as June 30, 2019 are as follow:

<u>Year ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 47,917	\$ 6,575
2021	55,000	5,177
2022	57,083	3,802
2023	60,000	2,375
2024	35,000	875
	<u>\$ 255,000</u>	<u>\$ 18,804</u>

NOTE: 7. RESTRICTED NET POSITION/FUND BALANCE

Restricted net position and restricted fund balance, in the amount of \$53,029 as of June 30, 2019, are to be used for streets and roads.

NOTES: 8. INTERGOVERNMENTAL REVENUE

Under the provisions of state law, the Commonwealth of Kentucky reimbursed the City for miscellaneous operating costs during the year ended June 30, 2019 that are recorded in the General Fund.

NOTE: 9. INTERFUND BALANCES

Expenses of the Road Fund are typically paid for by the general fund and then reimbursed by the Road Fund as money becomes available. At June 30, 2019, the Road Fund owed the General Fund \$430 for unreimbursed expenses. This amount is reflected only in the fund financial statements as interfund balances which are eliminated in the government wide financial statements. This amount is expected to be repaid during the next fiscal year.

CITY OF LYNNVIEW
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE: 10. RISK MANAGEMENT

The City is subject to normal insurance risks as other cities of its size. The City carries general liability, workers compensation, and errors and omissions coverage. The City has not had any significant reduction in coverage in the past year. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded the commercial coverage in any of the past three years.

NOTE: 11. POLICE DEPARTMENT

The City voted and approved an order to disband the City of Lynnview Police Department as of December 1, 2017. Beginning January 1, 2018, the City has a contract with Kentuckiana Law Enforcement for security services.

NOTE: 12. SUBSEQUENT EVENTS

The City has evaluated any recognized or unrecognized subsequent events for consideration in the accompanying financial statements through November 11, 2019, which was the date the financial statements were approved by management of the City of Lynnview.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LYNNVIEW
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>				
Taxes:				
Property taxes	\$ 115,000	\$ 115,000	\$ 106,371	\$ (8,629)
Occupational tax	25,000	25,000	35,641	10,641
Franchise tax	3,500	3,500	3,928	428
Insurance premium tax	50,000	50,000	61,978	11,978
Motor vehicle tax	4,000	4,000	5,055	1,055
Intergovernmental revenue:				
Grants - Police and Municipal	500	500	0	(500)
Law enforcement fees	5,500	5,500	1,101	(4,399)
License and permits:				
Rental license	12,500	12,500	7,700	(4,800)
Alcohol license	1,080	1,080	1,200	120
Yard sale permits	50	50	135	85
Charges for services:				
Sanitation user fees and assessments	67,000	67,000	68,300	1,300
Municipal building rental	2,000	2,000	2,250	250
Commercial rental income	9,600	9,600	0	(9,600)
Miscellaneous income	500	500	213	(287)
Penalties and interest	3,500	3,500	1,725	(1,775)
Interest income	2,000	2,000	2,782	782
TOTAL REVENUES	\$ 301,730	\$ 301,730	\$ 298,379	\$ (3,351)
<u>EXPENDITURES</u>				
General government				
General and Administrative expenditures				
Attorney fees	\$ 8,000	\$ 8,000	\$ 8,000	\$ -
Audit fees	9,000	9,000	5,300	3,700
Community building	5,000	5,000	31,934	(26,934)
Contract services	6,000	6,000	8,645	(2,645)
Insurance	10,000	10,000	1,388	8,612
Maintenance	-	-	6,723	(6,723)
Membership fees	1,500	1,500	700	800
Mowing	1,000	1,000	17,284	(16,284)
Office supplies	2,500	2,500	18,611	(16,111)
Payroll - City Clerk	15,000	15,000	17,281	(2,281)
Payroll - City Council	7,200	7,200	5,900	1,300
Payroll - Document manager	6,500	6,500	-	6,500
Payroll - Maintenance	6,000	6,000	12	5,988
Payroll - Mayor	2,000	2,000	1,900	100
Payroll tax expense	6,000	6,000	2,267	3,733
Phones and technology	2,500	2,500	4,701	(2,201)
Professional service	-	-	1,250	(1,250)
Property assessments listing	2,000	2,000	1,870	130
Sanitation and dumpster	68,500	68,500	68,421	79
Special events	2,000	2,000	3,388	(1,388)
Street lights	15,000	15,000	15,155	(155)
Utilities	7,000	7,000	4,719	2,281
Other general government	200	200	2,370	(2,170)
TOTAL GENERAL GOVERNMENT	\$ 182,900	\$ 182,900	\$ 227,819	\$ (44,919)

CITY OF LYNNVIEW
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2019

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
<u>EXPENDITURES (Continued)</u>				
Public safety				
Contract safety service	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 48,720</u>	<u>\$ 26,280</u>
TOTAL PUBLIC SAFETY	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 48,720</u>	<u>\$ 26,280</u>
Capital outlay				
Capital expenditures	<u>\$ 15,100</u>	<u>\$ 15,100</u>	<u>\$ 314,779</u>	<u>\$ (299,679)</u>
TOTAL CAPITAL OUTLAY	<u>\$ 15,100</u>	<u>\$ 15,100</u>	<u>314,779</u>	<u>(299,679)</u>
TOTAL EXPENDITURES	<u>273,000</u>	<u>273,000</u>	<u>\$ 591,318</u>	<u>\$ (318,318)</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ 28,730</u>	<u>\$ 28,730</u>	<u>\$ (292,939)</u>	<u>\$ (321,669)</u>
OTHER FINANCING SOURCES:				
Sale of surplus property	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>4,000</u>
NET CHANGE IN FUND BALANCES	<u>\$ 28,730</u>	<u>\$ 28,730</u>	<u>\$ (288,939)</u>	<u>\$ (317,669)</u>
FUND BALANCE, Beginning of year	<u>147,375</u>	<u>147,375</u>	<u>179,642</u>	<u>32,267</u>
FUND BALANCE, End of year	<u><u>\$ 176,105</u></u>	<u><u>\$ 176,105</u></u>	<u><u>\$ (109,297)</u></u>	<u><u>\$ (285,402)</u></u>

CITY OF LYNNVIEW
BUDGETARY COMPARISON SCHEDULE - ROAD FUND
YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>				
Intergovernmental revenue	\$ 15,000	\$ 15,000	\$ 18,657	\$ 3,657
Interest income	0	0	161	161
TOTAL REVENUES	\$ 15,000	\$ 15,000	\$ 18,818	\$ 3,818
<u>EXPENDITURES</u>				
Municipal Road Aid				
Salaries	\$ 2,500	\$ 2,500	\$ 146	\$ 2,354
Professional services	0	0	4,000	(4,000)
Capital outlay	45,000	45,000	8,069	36,931
Maintenance	3,000	3,000	0	3,000
Mowing	3,000	3,000	0	3,000
TOTAL EXPENDITURES	\$ 53,500	\$ 53,500	\$ 12,215	\$ 41,285
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (38,500)	\$ (38,500)	\$ 6,603	\$ (37,467)
OTHER FINANCING SOURCES:				
Proceeds from revenue bond	-	-	255,000	255,000
NET CHANGE IN FUND BALANCES	\$ (38,500)	\$ (38,500)	\$ 261,603	\$ 217,533
FUND BALANCE, Beginning of year	(6,816)	(6,816)	45,996	52,812
FUND BALANCE, End of year	\$ (45,316)	\$ (45,316)	\$ 307,599	\$ 270,345

CITY OF LYNNVIEW
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION ON
BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2019

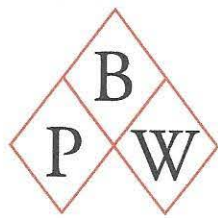
Budgets and the Budgetary Process

The City follows the procedures established pursuant to Section 91A.030 of the Kentucky Revised Statutes in establishing the budgetary data reflected in the financial statements. Budgets and budget amendments for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Stewardship

Expenditures exceeded budget in the following departments:

<u>Department</u>	
General Government	\$ 44,919
Capital Outlay	\$ 299,679



BECHTLER, PARKER & WATTS
CERTIFIED PUBLIC ACCOUNTANTS

◆ VISTAGREEN BUILDING
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INDEPENDENT AUDITORS' 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*

The Honorable Mayor and
Members of the City Council
City of Lynnview, 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 and each major fund of the City of Lynnview, Kentucky, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Lynnview, Kentucky's basic financial statements, and have issued our report thereon dated November 11, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Lynnview, 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 the City of Lynnview, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Lynnview, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2019-1, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Lynnview, 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*.

City of Lynnview, Kentucky's Response to Findings

The City of Lynnview, Kentucky's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City of Lynnview, Kentucky'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.



Bechtler, Parker & Watts

Louisville, Kentucky

November 11, 2019

CITY OF LYNNVIEW, KENTUCKY
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019

Findings:

2019-1 *Condition:* The City does not have internal controls in place that enable it to prepare complete financial statements, including footnote disclosures, in compliance with generally accepted accounting principles.

Criteria: Generally accepted accounting principles require that an entity have internal controls in place that enable it to prepare complete financial statements, including note disclosures.

Cause: The City lacks personnel with the expertise to prepare its financial statements, including footnote disclosures, in conformity with generally accepted accounting principles.

Effect: Management engaged the auditor to prepare draft financial statements, including related notes to the financial statements. Management reviewed, approved, and accepted responsibility for the financial statements prior to their issuance.

Recommendation: We recommend management review the costs and benefits involved to retain a consultant with the required expertise to prepare the financial statements, or review the financial statements as drafted by the auditor, for compliance with generally accepted accounting principles.

Management's Response: The City has determined that it does not have the resources to hire someone with adequate knowledge to prepare the financial statements, nor does it have the resources to contract with an outside accountant to prepare them.