

CITY OF AUDUBON PARK, KENTUCKY

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Councilmembers
City of Audubon Park, Kentucky

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Audubon Park, Kentucky, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 Audubon Park, Kentucky, as of June 30, 2025, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Audubon Park, Kentucky, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Audubon Park, Kentucky's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Audubon Park, Kentucky's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Audubon Park, Kentucky's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 18-19 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 audits 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 January 20, 2026, on our consideration of the City of Audubon Park, 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 Audubon Park, 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 Audubon Park, Kentucky's internal control over financial reporting and compliance.



Welenken CPAs

Louisville, Kentucky
January 20, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF AUDUBON PARK, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the City's basic financial statements, which consist of three components: government-wide financial statements, fund financial statements and notes to the financial statements. Other supplemental information in addition to the basic financial statements is also included.

A. Government-Wide Financial Statements

Government-wide financial statements include the Statement of Net Position and the Statement of Activities. The statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. In accrual accounting, revenues earned and expenses incurred in the fiscal year are taken into account in the financial statements regardless of when cash is actually received or paid.

The Statement of Net Position provides information on all City assets and liabilities, with the difference between assets and liabilities reported as net position. Increases or decreases in the net position over time are one indicator of whether the City's financial health is improving, stagnating, or deteriorating. Information on other factors, such as changes in the revenue structure and the condition of the City's assets, is also needed to assess the overall financial situation of the City.

The Statement of Activities provides information on the City's annual revenues and expenses, as well as other transactions that increase or reduce net position.

B. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over segregated resources for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City only has governmental funds to be presented in the fund financial statements.

Governmental funds focus on how money flows to and from those funds and the balances left at year-end that are available for spending. Funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The relationship between the governmental activities (reported in the Statement of Net Position and Statement of Activities) and the governmental funds is described in a reconciliation, which is presented immediately following the fund financial statements. Under accounting guidelines, the City considers both the General Fund and two Special Revenue Funds (Municipal Road Aid and Sanitation) to be major governmental funds.

C. Notes to the Financial Statements

These notes provide additional information needed to fully understand the government-wide and fund financial statements.

D. Other Information

This report presents certain required supplementary information concerning the City's budgetary comparison schedules for the General Fund and the Special Revenue Funds, in addition to the basic financial statements and accompanying notes.

**CITY OF AUDUBON PARK, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As previously indicated, net position may serve over time as a useful indicator of the City's financial position. A portion of the City's net position \$639,761, or 47%, reflects its investment in capital assets net of related depreciation. The City uses these capital assets to provide services to residents and as a result, these assets are not available for future spending.

An additional portion of the City's net position \$256,746 or 19%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$455,014, or 34%, represents unrestricted net position.

City of Audubon Park, Kentucky
Condensed Statements of Net Position
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>	Increase/ (Decrease)
Current and other assets	\$1,441,630	\$1,325,877	\$ 115,753
Capital assets	639,761	684,885	(45,124)
Total assets	<u>2,081,391</u>	<u>2,010,762</u>	<u>70,629</u>
Current and other liabilities	7,275	133,443	(126,168)
Deferred inflows	<u>722,595</u>	<u>738,915</u>	(16,320)
Total liabilities and deferred inflows	<u>729,870</u>	<u>872,358</u>	(142,488)
Net position:			
Invested in capital assets, net	639,761	684,885	(45,124)
Restricted	256,746	54,564	202,182
Unrestricted	<u>455,014</u>	<u>398,955</u>	<u>56,059</u>
Total net position	<u>\$1,351,521</u>	<u>\$1,138,404</u>	<u>\$ 213,117</u>

City of Audubon Park, Kentucky
Condensed Statements of Activities
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>	Increase/ (Decrease)	Percentage Increase/ (Decrease)
Revenues:				
Program revenue:				
Charges for services	\$ 302,837	\$ 225,217	\$ 77,620	34.46%
Operating grants	78,585	71,253	7,332	10.29%
General revenue:				
Property taxes	500,619	482,687	17,932	3.72%
Other taxes	449,495	354,383	95,112	26.84%
Investment	12,009	11,022	987	8.95%
Other income	<u>20,660</u>	<u>26,170</u>	(5,510)	(21.05%)
Total revenues	<u>1,364,205</u>	<u>1,170,732</u>	<u>193,473</u>	16.53%
Expenses:				
General government	\$ 195,231	\$ 169,799	\$ 25,432	14.98%
Sanitation	181,789	123,633	58,156	47.04%
Public safety	537,308	432,474	104,834	24.24%
Public works	<u>236,760</u>	<u>224,905</u>	<u>11,855</u>	5.27%
Total expenses	<u>1,151,088</u>	<u>950,811</u>	<u>200,277</u>	21.06%
Change in net position	213,117	219,921	(6,804)	(3.09%)
Net position – beginning	<u>1,138,404</u>	<u>918,483</u>	<u>219,921</u>	23.94%
Net position – ending	<u>\$1,351,521</u>	<u>\$1,138,404</u>	<u>\$ 213,117</u>	18.72%

Governmental activities increased the City's net position by \$213,117. The increase was attributable to City revenue in excess of expenses.

**CITY OF AUDUBON PARK, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The financial reporting focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information, particularly *unassigned fund balance*, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the City governmental funds reported combined ending fund balances of \$711,760. The General Fund's unassigned fund balance is \$455,014. The General Fund is the chief operating fund of the City. The net decrease in the General Fund balance for the fiscal year was \$45,033.

The Special Revenue Fund (Road Aid) has a total fund balance of \$210,481. The net increase in the Special Revenue Fund (Road Aid) balance for the fiscal year was \$197,756.

The Special Revenue Fund (Sanitation), which is committed to sanitation expenses, has a total fund balance of \$46,265. The net decrease in the Special Revenue Fund (Sanitation) balance for the fiscal year was \$1,509.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual charges to appropriations (expenditures) were \$258,006 less than the final budgeted amounts. There were no negative variances in the City's general government charges to appropriations. The most significant positive variance occurred in the City's public works, where actual expenses were \$162,110 less than budgeted.

In addition, resources available for appropriation were \$161,171 more than the final budgeted amount. The final budget included \$578,500 of property tax revenue in comparison to the \$500,619 actually collected. Insurance taxes was the most significant positive variance, where the actual revenue was \$180,425 greater than budgeted revenue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

The City's investment in capital assets for governmental activities as of June 30, 2025 is \$639,761 (net of accumulated depreciation).

City of Audubon Park, Kentucky
Capital Assets

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Vehicles	\$ 187,384	\$ 147,717
Equipment	271,623	264,716
Building and improvements	188,900	188,900
Infrastructure	924,417	924,417
Land	<u>37,291</u>	<u>37,291</u>
	1,609,615	1,563,041
Less accumulated depreciation	<u>(969,854)</u>	<u>(878,156)</u>
Capital assets, net	<u>\$ 639,761</u>	<u>\$ 684,885</u>

**CITY OF AUDUBON PARK, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

B. Long-Term Debt

The City entered into a finance agreement with Independence Bank of Kentucky to borrow \$220,000 for road paving to be repaid over 10 years. The remaining balance due was paid off during the fiscal year ending June 30, 2025.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

There are currently no economic factors that are expected to change the outlook of the revenues or expenses for the City in the next year, except for the funds awarded to the City from the American Rescue Plan Act as disclosed in Note B - Subsequent Events to the financial statements. In addition, no significant tax rate changes or large budget changes are anticipated.

A summary for the 2026 fiscal year budgeted expenses are as follows:

General Fund:

- General government - \$243,881
- Public safety - \$601,500
- Public works - \$221,219

Road Fund:

- Street paving/repair - \$30,000

Sanitation Fund:

- Sanitation expense - \$188,210
- Storm damage - \$12,341

REQUESTS FOR INFORMATION

This financial report is designed to provide a general financial overview for those interested in the City's government finances. Questions or requests for additional financial information may be addressed to Madeline Bozeman, Mayor, City of Audubon Park, 3340 Robin Road, Louisville, KY 40213.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CITY OF AUDUBON PARK, KENTUCKY
STATEMENT OF NET POSITION
JUNE 30, 2025**

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 629,285
Property taxes receivable	521,348
Other receivables	290,997
Capital assets, net of depreciation	<u>639,761</u>
Total Assets	<u>2,081,391</u>
 LIABILITIES	
Accounts payable	<u>7,275</u>
Total Liabilities	<u>7,275</u>
 DEFERRED INFLOWS OF RESOURCES	
Property tax revenue applicable to future years	521,348
Sanitation fee revenue applicable to future years	<u>201,247</u>
Total Deferred Inflows of Resources	<u>722,595</u>
 NET POSITION	
Invested in capital assets, net of depreciation	639,761
Restricted	256,746
Unrestricted	<u>455,014</u>
Total Net Position	<u><u>\$ 1,351,521</u></u>

See accompanying notes to financial statements.

**CITY OF AUDUBON PARK, KENTUCKY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

PRIMARY GOVERNMENT	Governmental Activities			
	Expenses	Charges for Services	Operating Grants	Total
<u>FUNCTIONS/PROGRAMS</u>				
General government	\$ (195,231)	\$ 13,380	\$ 19,039	\$ (162,812)
Sanitation	(181,789)	191,551	-	9,762
Public safety	(537,308)	97,906	27,047	(412,355)
Public works	(236,760)	-	32,499	(204,261)
Total Primary Government	(1,151,088)	302,837	78,585	(769,666)
 GENERAL REVENUES				
Property taxes				500,619
Insurance taxes				390,425
Motor vehicle taxes				45,055
Franchise fees				14,015
Investment earnings				12,009
Gain on sale of assets				16,071
Miscellaneous				4,589
Total General Revenues				982,783
 CHANGE IN NET POSITION				213,117
 NET POSITION, BEGINNING OF YEAR				1,138,404
 NET POSITION, END OF YEAR				\$ 1,351,521

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

**CITY OF AUDUBON PARK, KENTUCKY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025**

ASSETS

	General Fund	Special Revenue Fund (Road Aid)	Special Revenue Fund (Sanitation)	Total Governmental Funds
Assets				
Cash	\$ 372,539	\$ 210,481	\$ 46,265	\$ 629,285
Property taxes receivable	521,348	-	-	521,348
Other receivables	89,750	-	201,247	290,997
Total Assets	<u>\$ 983,637</u>	<u>\$ 210,481</u>	<u>\$ 247,512</u>	<u>\$ 1,441,630</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

Liabilities				
Accounts payable	\$ 7,275	\$ -	\$ -	\$ 7,275
Total Liabilities	<u>7,275</u>	<u>-</u>	<u>-</u>	<u>7,275</u>
Deferred Inflows of Resources				
Unearned revenue - property taxes	521,348	-	-	521,348
Unearned revenue - sanitation fees	-	-	201,247	201,247
Total Deferred Inflows of Resources	<u>521,348</u>	<u>-</u>	<u>201,247</u>	<u>722,595</u>
Fund Balances				
Restricted				
Special Revenue	-	210,481	46,265	256,746
Unassigned	455,014	-	-	455,014
Total Fund Balances	<u>455,014</u>	<u>210,481</u>	<u>46,265</u>	<u>711,760</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 983,637</u>	<u>\$ 210,481</u>	<u>\$ 247,512</u>	<u>\$ 1,441,630</u>

See accompanying notes to financial statements.

**CITY OF AUDUBON PARK, KENTUCKY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total fund balances for governmental funds	\$ 711,760
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Total net position reported for governmental activities
in the statement of net position is different because:

Capital assets, net of depreciation, used in
governmental activities are not financial
resources and, therefore, not reported in
the governmental funds.

639,761

Total net position of governmental activities

\$ 1,351,521

See accompanying notes to financial statements.

CITY OF AUDUBON PARK, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue Fund (Road Aid)	Special Revenue Fund (Sanitation)	Total Governmental Funds
REVENUES				
Property taxes	\$ 500,619	\$ -	\$ -	\$ 500,619
Insurance taxes	390,425	-	-	390,425
Sanitation fees	-	-	191,551	191,551
Motor vehicle taxes	45,055	-	-	45,055
Franchise fees	14,015	-	-	14,015
Intergovernmental revenue	43,242	32,499	-	75,741
Public safety	81,710	-	-	81,710
License and permits	1,800	-	-	1,800
Grants	19,039	-	-	19,039
Investment earnings	8,681	1,479	1,849	12,009
Proceeds from community activities	11,580	-	-	11,580
Miscellaneous revenue	4,589	-	-	4,589
Total Revenues	1,120,755	33,978	193,400	1,348,133
EXPENDITURES				
General government	194,542	-	-	194,542
Sanitation	-	-	181,789	181,789
Public safety	575,875	-	-	575,875
Public works	123,277	123,593	16,959	263,829
Total Expenditures	893,694	123,593	198,748	1,216,035
Excess (Deficit) of Revenues over Expenditures	227,061	(89,615)	(5,348)	132,098
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	19,116	-	-	19,116
Transfers in (out)	(291,210)	287,371	3,839	-
Total Other Financing Sources	(272,094)	287,371	3,839	19,116
Net Change in Fund Balance	(45,033)	197,756	(1,509)	151,214
FUND BALANCES, BEGINNING OF YEAR	500,047	12,725	47,774	560,546
FUND BALANCES, END OF YEAR	\$ 455,014	\$ 210,481	\$ 46,265	\$ 711,760

See accompanying notes to financial statements.

**CITY OF AUDUBON PARK, KENTUCKY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Changes in fund balances - governmental funds \$ 151,214

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	83,572
Depreciation expense	(125,652)

Governmental funds report gross proceeds from sale of capital assets as revenue. However, in the statement of activities, the cost of these assets are netted against the proceeds from the sale of the asset.

Cost of asset sold	(36,998)
Accumulated depreciation	33,954

Long-term debt proceeds provide current financial resources to governmental funds, however issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term debt principal is an expenditure in the governmental funds, however the repayment reduces long-term liabilities in the Statement of Net Position.

Principle payments	107,027
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Change in net position of governmental activities \$ 213,117

See accompanying notes to financial statements.

**CITY OF AUDUBON PARK, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE A - DESCRIPTION OF ORGANIZATION

The City of Audubon Park, Kentucky (the City) operates under the Kentucky Revised Statutes, as amended. The City operates under the Mayor-Council form of government and provides the following services as authorized by its charter: municipal services, including care and maintenance of streets, police protection, garbage collection, and 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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. The effect of interfund activity has been removed from these statements.

Government-wide statements distinguish between governmental-type and business-type activities. Governmental type activities are those financed through property taxes, intergovernmental revenues, municipal aid, and other non-exchange revenues and are usually reported in governmental and internal service funds. The City has no business-type activities.

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. 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.

Fund Financial Statements

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 financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Funds (Road Aid and Sanitation) 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 or committed to expenditures for specified purposes. Municipal road aid and sanitation revenue and expenditures are accounted for within these funds. Surpluses from the Special Revenue Fund (Sanitation) are restricted for future storm damage expenditures.

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

Measurement Focus and Basis of Accounting

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

**CITY OF AUDUBON PARK, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

Governmental fund 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 soon enough thereafter to pay liabilities of the current period. Grant revenue is recognized for cost reimbursement grants when the expenditure occurs in accordance with GASB Statement 1. When the expenditure is incurred, grant revenue is considered to have been earned and therefore available and recognized as revenue. The City considers all revenue reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

Budgetary Accounting

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 for all funds are adopted on a basis consistent with generally accepted accounting principles.

Budgeted amounts in the financial statements are as adopted by ordinance of the City including any authorized revisions.

Management's Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Property Taxes and Other Receivables

Property taxes and other receivables are recorded at gross amounts 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 are reported in the governmental activity column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$500 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. 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 asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the City are depreciated using the straight-line method over their estimated useful lives.

**CITY OF AUDUBON PARK, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balances

In the statement of net position, the difference between the City's assets and liabilities is recorded as net position. The three components of net position are as follows:

Invested in Capital Assets, Net of Depreciation – This category records capital assets net of accumulated depreciation.

Restricted Net Position – Net position that is restricted by external sources or by law are reported separately as restricted net position. When assets are required to be retained in perpetuity, the non-expendable net position is recorded separately from expendable net position. These are components of restricted net position. The City has restricted net position related to municipal road aid monies received from the Commonwealth of Kentucky and sanitation revenue.

Unrestricted Net Position – All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of depreciation."

In the balance sheet of governmental funds, fund balances are segregated as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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

Committed – amounts that can be used only for specific purposes determined by a formal action of the City Council. The Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Council.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Council adopted policy, only the City Council may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent 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 out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council has provided otherwise in its commitment or assignment functions. However, the City reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Subsequent Events

The City has evaluated subsequent events through January 20, 2026, the date the financial statements were available to be issued.

**CITY OF AUDUBON PARK, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE C – DEPOSITS

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's deposits are insured or fully collateralized at June 30, 2025.

Cash balances at June 30, 2025 were as follows:

<u>Fund</u>	<u>Financial Institution</u>	<u>Bank Balance</u>	<u>Insured</u>	<u>Collateralized</u>
General	Independence Bank	\$ 394,961	\$ 250,000	\$ 144,961
General	Independence Bank	2,927	-	2,927
Sanitation	Independence Bank	46,265	-	46,265
Road Aid	Independence Bank	<u>210,481</u>	-	210,481
		<u>\$ 654,634</u>		

NOTE D – CAPITAL ASSETS

	<u>Year Ending June 30, 2025</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Building and improvements	\$ 188,900	\$ -	\$ -	\$ 188,900
Land	37,291	-	-	37,291
Infrastructure	924,417	-	-	924,417
Vehicles	147,717	76,665	(36,998)	187,384
Equipment	<u>264,716</u>	<u>6,907</u>	<u>-</u>	<u>271,623</u>
Total Cost	1,563,041	83,572	(36,998)	1,609,615
Less: accumulated depreciation	(878,156)	(125,652)	33,954	(969,854)
Net Book Value	<u>\$ 684,885</u>	<u>(\$ 42,080)</u>	<u>(\$ 3,044)</u>	<u>\$ 639,761</u>

Depreciation expense for the year was charged to functions/programs of the primary government as follows:

General government	\$ 7,596
Public Safety	38,099
Public works	<u>79,957</u>
	<u>\$ 125,652</u>

NOTE E – OTHER RECEIVABLES

Other receivables in the government-wide financial statements consist of the following:

Insurance tax	\$ 89,750
Sanitation fee	<u>201,247</u>
Total	<u>\$ 290,997</u>

**CITY OF AUDUBON PARK, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE F – PROPERTY TAXES

As generally provided in the Constitution of the Commonwealth of Kentucky, the City levies a property tax on the assessed value listed as of the prior January 1 for all real property located in the City. The Jefferson County Property Valuation Administrator establishes assessed values. The tax payments are due and payable when levied. All unpaid taxes become delinquent July 1.

Property tax revenues are recognized in the assessment year. The ad valorem tax for the fiscal year 2025 was \$0.232 per \$100 of assessed valuation. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided. Bills paid on or after August 1, but before September 1 pay the face amount of the bill. Bills paid after September, but before October 1 are charged a penalty of 5% plus interest at the rate of 1.5% per month, or part thereof, until paid. All bills paid after October 1 are charged a penalty of 10% plus interest at the rate of 1.5% per month, or part thereof, until paid. The City has no policy regarding lien dates.

NOTE G – INTERGOVERNMENTAL REVENUE

Under the provisions of state law, the Commonwealth of Kentucky reimbursed the City for police incentive training and other miscellaneous operating costs during the year ended June 30, 2025 that are recorded in the General Fund.

NOTE H – POLICE SERVICES

The City has entered into several agreements wherein the City's police force provides policing services for other communities in the area for an agreed-upon fee.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF AUDUBON PARK, KENTUCKY
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (inflows):				
Property taxes	\$ 578,500	\$ 578,500	\$ 500,619	\$ (77,881)
Insurance taxes	210,000	210,000	390,425	180,425
Motor vehicle taxes	35,000	35,000	45,055	10,055
Franchise fees	15,000	15,000	14,015	(985)
Intergovernmental revenue	35,000	35,000	43,242	8,242
Police and public works	80,500	80,500	81,710	1,210
License and permits	1,700	1,700	1,800	100
Grants	3,000	3,000	19,039	16,039
Investment earnings	7,000	7,000	8,681	1,681
Proceeds from community activities	6,000	6,000	11,580	5,580
Proceeds from sale of capital assets	2,000	2,000	19,116	17,116
Miscellaneous revenue	5,000	5,000	4,589	(411)
Amounts available for appropriation	<u>978,700</u>	<u>978,700</u>	<u>1,139,871</u>	<u>161,171</u>
Charges to appropriations (outflows):				
General government	219,401	219,401	194,542	24,859
Public safety	596,912	596,912	575,875	21,037
Public works	285,387	285,387	123,277	162,110
Contingency reserve	50,000	50,000	-	50,000
Total charges to appropriations	<u>1,151,700</u>	<u>1,151,700</u>	<u>893,694</u>	<u>258,006</u>
Transfer out	<u>-</u>	<u>-</u>	<u>(291,210)</u>	<u>(291,210)</u>
Net change in fund balance	(173,000)	(173,000)	(45,033)	127,967
Fund balance - beginning	<u>500,047</u>	<u>500,047</u>	<u>500,047</u>	<u>-</u>
Fund balance - ending	<u>\$ 327,047</u>	<u>\$ 327,047</u>	<u>\$ 455,014</u>	<u>\$ 127,967</u>

CITY OF AUDUBON PARK, KENTUCKY
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND (ROAD AID)
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (inflows):				
Municipal road aid	\$ 30,000	\$ 27,593	\$ 32,499	\$ 4,906
Investment earnings	-	-	1,479	1,479
Amounts available for appropriation	30,000	27,593	33,978	6,385
Charges to appropriations (outflows):				
Debt payments	111,000	111,000	108,593	2,407
Streets and roads	15,000	-	15,000	(15,000)
Total charges to appropriations	126,000	111,000	123,593	(12,593)
Transfer in	180,000	180,000	287,371	107,371
Net change in fund balance	84,000	96,593	197,756	101,163
Fund balance - beginning	12,725	12,725	12,725	-
Fund balance - ending	<u>\$ 96,725</u>	<u>\$ 109,318</u>	<u>\$ 210,481</u>	<u>\$ 101,163</u>

CITY OF AUDUBON PARK, KENTUCKY
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND (SANITATION)
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (inflows):				
Sanitation fees	\$ 192,120	\$ 192,120	\$ 191,551	\$ (569)
Investment earnings	-	-	1,849	1,849
Amounts available for appropriation	192,120	192,120	193,400	1,280
Charges to appropriations (outflows):				
Sanitation expense	180,312	125,852	181,789	(55,937)
Storm damage reserve	11,808	11,808	16,959	(5,151)
Total charges to appropriations	192,120	137,660	198,748	(61,088)
Transfer in	-	-	3,839	3,839
Net change in fund balance	-	54,460	(1,509)	(55,969)
Fund balance - beginning	47,774	47,774	47,774	-
Fund balance - ending	<u>\$ 47,774</u>	<u>\$ 102,234</u>	<u>\$ 46,265</u>	<u>\$ (55,969)</u>

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

To the Honorable Mayor and City Councilmembers
City of Audubon Park, Kentucky

We have audited, 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, the financial statements of the governmental activities and each major fund of the City of Audubon Park, Kentucky, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 20, 2026.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Welenken CPAs". The letters are cursive and somewhat stylized.

Welenken CPAs

Louisville, Kentucky
January 20, 2026