

CITY OF STRATHMOOR MANOR, INC.
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

To the City Commissioners
City of Strathmoor Manor, Inc.
Louisville, KY 40205

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Strathmoor Manor, Inc., as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Strathmoor Manor, Inc.'s basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, each major fund, and the aggregate remaining fund information of the City of Strathmoor Manor, Inc., as of June 30, 2015, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 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, economical or historical context.

Management has omitted the management's discussion and analysis information. Such missing 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 appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

We have applied certain limited procedures to the required budgetary comparison 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 30, 2015, on our consideration of the City of Strathmoor Manor Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Strathmoor Manor Inc.'s internal control over financial reporting and compliance.

William W. Hollister, PSC

Louisville, Kentucky
November 30, 2015

CITY OF STRATHMOOR MANOR, INC.
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Total
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 217,260	\$ 217,260
Accounts Receivable	-	-
Prepaid Insurance	1,759	1,759
Total Current Assets	219,019	219,019
Noncurrent Assets:		
Capital Assets (Net)	126,978	126,978
Total Noncurrent Assets	126,978	126,978
Total Assets	\$ 345,997	\$ 345,997
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 5,108	\$ 5,108
Deferred Property Taxes	46,012	46,012
Total Current Liabilities	51,120	51,120
Total Liabilities	\$ 51,120	\$ 51,120
NET POSITION		
Invested in Capital Assets, Net of Related Debt	126,978	126,978
Restricted for Roads	8,466	8,466
Unrestricted	159,433	159,433
Total Net Position	294,877	294,877

See accompanying notes to the basic financial statements

CITY OF STRATHMOOR MANOR, INC.
STATEMENT OF ACTIVITIES - GOVERNMENT FUNDS
YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue Primary Governmental Activities
		Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	
PRIMARY GOVERNMENT:					
Governmental Activities:					
General Government	\$ 38,912	\$ -	\$ -	\$ -	(38,912)
Public Safety	49,963	-	-	1,421	(48,542)
Sanitation	27,976	-	-	-	(27,976)
Public Works	17,050	-	-	7,919	(9,131)
Total Governmental Activities	133,901	-	-	9,340	(124,561)
Total Primary Government	\$ 133,901	\$ -	\$ -	\$ 9,340	\$ (124,561)
General Revenues:					
Taxes:					
					129,614
					46,309
					108
				Total General Revenues	176,031
				Change in Net Position	51,470
				Net Position - July 1, 2014	243,407
				Net Position - June 30, 2015	\$ 294,877

See accompanying notes to the basic financial statements

CITY OF STRATHMOOR MANOR, INC.
BALANCE SHEET- GOVERNMENT FUNDS
JUNE 30, 2015

	<u>General Fund</u>	<u>Road Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 208,794	\$ 8,466	\$ 217,260
Investments	-	-	-
Accounts Receivable	-	-	-
Prepaid Insurance	1,759	-	1,759
Total Assets	210,553	8,466	219,019
LIABILITIES			
Accounts Payable	\$ 5,108	\$ -	\$ 5,108
Deferred Property Taxes	46,012	-	46,012
Total Liabilities	51,120	-	51,120
FUND BALANCE			
Nonspendable	1,759	-	1,759
Assigned	-	8,466	8,466
Unassigned	157,674	-	157,674
Total Fund Balance	159,433	8,466	167,899
Total Liabilities and Fund Balance	\$ 210,553	\$ 8,466	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$126,978	126,978
Net Position of Governmental Activities	\$ 294,877

See accompanying notes to the basic financial statements

CITY OF STRATHMOOR MANOR, INC.
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Road Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Property Taxes	\$ 129,614	\$ -	\$ 129,614
Insurance Taxes	46,309	-	46,309
Base Court Revenue	1,421	-	1,421
Municipal Aid	-	7,919	7,919
Interest Income	91	17	108
Total Revenue	<u>177,435</u>	<u>7,936</u>	<u>185,371</u>
EXPENDITURES			
General Government			
City Services- Sanitation	27,976	-	27,976
City Services- Utilities	8,580	-	8,580
Legal and Professional	19,600	-	19,600
PVA	1,938	-	1,938
Salaries	3,600	-	3,600
Insurance	4,180	-	4,180
Other	1,014	-	1,014
Public Works			
Maintenance and Beautification	17,050	-	17,050
Roads	-	126,978	126,978
Public Safety			
Police Protection	25,295	-	25,295
Fire Protection	24,668	-	24,668
Total Expenditures	<u>133,901</u>	<u>126,978</u>	<u>260,879</u>
Excess (Deficiency) of Revenues Over Expenditures	43,534	(119,042)	(75,508)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	8,043	8,043
Transfers Out	(8,043)	-	(8,043)
Total Other Financing Sources and (Uses)	<u>(8,043)</u>	<u>8,043</u>	<u>-</u>
Net Change in Fund Balance	<u>35,491</u>	<u>(110,999)</u>	<u>(75,508)</u>
Fund balances-Beginning	<u>123,942</u>	<u>119,465</u>	<u>243,407</u>
Fund balances-Ending	<u>\$ 159,433</u>	<u>\$ 8,466</u>	<u>\$ 167,899</u>

See accompanying notes to the basic financial statements

CITY OF STRATHMOOR MANOR, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITES
FOR THE YEAR ENDED JUNE 30, 2015

Reconciliation of the net changes in fund balances - Total Governmental Funds
to the change in net position of governmental activities:

Net change in fund balances - Total Governmental Funds	\$ (75,508)
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Amounts reported for governmental activities in the Statement of Activities are
different because:

Governmental funds report capital outlays as expenditures while
governmental activities report depreciation expense to allocate those
expenditures over the life of the assets:

Capital asset purchases capitalized	<u>126,978</u>
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Change in Net Position of Governmental Activities	<u>\$ 51,470</u>
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See accompanying notes to the basic financial statements

CITY OF STRATHMOOR MANOR, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Strathmoor Manor, Inc. is a sixth class city located in Jefferson County, Kentucky and was created in 1931 as a municipal corporation by The Louisville Chancery Court. It operates under a commission form of government providing the following types of services: sanitation, street maintenance, and police services. Primary revenue sources susceptible to accrual are property taxes, and municipal insurance tax.

Basis of Accounting -The accounting and reporting policies of the City of Strathmoor Manor, Inc. relating to the funds included in the accompanying basic financial statements conforms to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local government include those principles presented by the Government Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governments and by the Financial Accounting Standards Board (when applicable). As allowed in section PBO of GASB's Codification of Governmental Accounting and Financial Reporting Standards the District has elected not to apply Financial Accounting Board Statements and Interpretations, Accounting Principle Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The City first applies restricted resources when an expense is incurred for restricted and unrestricted purposes. The more significant policies of the City are described below.

GASBS No. 54

Statement No. 54- Fund Balance Reporting and Governmental Fund Type Definitions, was issued in February 2009. This establishes accounting and financial reporting standards for all governments that report government funds. It establishes criteria for classifying fund balances into specially defined classifications and clarifies definitions for governmental fund types. GASBS Statement No. 54 is effective for financial statements for fiscal years beginning after June 15, 2010.

For the classification of fund balances in accordance with Paragraph 18 of GASBS No. 54: (1) Whether the government considers restricted and unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and (2) whether committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balances classification could be used.

CITY OF STRATHMOOR MANOR, INC.
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

1. 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- This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowing attributable to the acquisition, construction, or improvement of capital assets.

Restricted Net Position - Net assets that are restricted by external sources such as banks or by law are reported separately as restricted net position. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets.

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

In the balance sheet of governmental funds the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into the following classifications, as applicable:

Non-spendable- These resources include amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted - Amounts constrained for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed - Amounts constrained for a specific purpose by the City using its highest level of decision-making authority. For resources considered committed the Board of Commissioners issues a resolution that can only be changed with another corresponding resolution.

Assigned- These funds include amounts that the City intends to use for a specific purpose, but do not meet the definitions of restricted or committed fund balance. Amounts may be assigned by the Board of Commissioners or a member from the Board of Commissioners given authority to assign amounts.

Unassigned - These funds include amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

CITY OF STRATHMOOR MANOR, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting refers to timing of the measurement made regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resource measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statement presents increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting revenues are recognized when earned. Expenses are recognized at time liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible, that is: when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. A one year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when related fund liability is incurred

Budgets & Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements: Formal budgetary integration is employed as a management control device during the year for the General Fund and the Special Service Fund.

The Statement of Revenues and Expenditures- Budget and Actual amounts for the General and Special Revenue Funds present a comparison of the legally adopted budget and approved by the Commission on September 25, 2014 with actual data on a budgetary cash basis. Included with the comparison is a reconciliation of the accrual based financials with the cash based budget.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amount and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF STRATHMOOR MANOR, INC.
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

2. CASH AND INVESTMENTS

Cash and investments are carried at cost. State statutes authorize the City to invest in obligations of the United States and of its agencies and instrumentalities, certificates of deposits, money market savings accounts, repurchase agreements, and other available bank investments provided that such financial institutions are insured by an agency of the U.S. Government. Investments in excess of the insured amount must be secured with approved securities pledged by the financial institutions. Investments with maturities of three months or less are considered cash equivalents.

The City's cash of \$217,260 was held by two financial institutions at June 30, 2015. Of this balance, \$217,260 was covered by Federal depository insurance.

3. PREPAID ITEMS

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year and reserve for prepaid items (if required) has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

4. CAPITAL ASSETS AND DEPRECIATION

According to GASB No. 34, since revenues are less than \$10 million, the City of Strathmoor Manor, Inc. is only required to report infrastructure acquired after July 1, 2003. The normal cost of maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities with related accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful life using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Vehicles	5 to 10 years
Equipment	5 to 15 years
Furniture and Fixtures	5 to 10 years
Infrastructure	10 to 25 years

CITY OF STRATHMOOR MANOR, INC.
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

5. CAPITAL ASSETS AND DEPRECIATION (CONTINUED)

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2015</u>
Governmental Activities:				
Infrastructure	\$ -	\$ 126,978	\$ -	\$ 126,978
Total Historical Cost	-	126,978	-	126,978
Less Accumulated Depreciation	-	-	-	-
Net Capital Assets	<u>\$ -</u>	<u>\$ 126,978</u>	<u>\$ -</u>	<u>\$ 126,978</u>

6. PROPERTY TAX CALENDAR

Property taxes are assessed on January 1. Total assessed value was \$35,402,650 and the tax rate was .382 cents per one hundred dollars of assessed valuation as of January 1, 2014. Taxes were levied for the fiscal year of July 1, 2014 to June 30, 2015, in May of 2014 and payable by July 31, 2014. Deferred revenue represents property taxes levied for the fiscal year beginning July 1, 2015 collected in advance.

7. CONTINGENCIES - LAWSUITS

The City is not involved in lawsuits or matters which require disclosure with the ABA Statement policy regarding Lawyer's Responses to Auditors' Request for information.

8. RISK MANAGEMENT

Significant losses are covered by commercial insurance with premiums (based on industry information adjusted for any City claims) for general liability, hired and non-owned auto liability and public official's liability. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

9. SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through October 22, 2015, the date the financial statements were available to be issued.

CITY OF STRATHMOOR MANOR, INC.
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENT FUNDS
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Variance with Final Budget Positive (Negative)	Actual Amounts (Budgetary Basis)	Budget to GAAP Differences Over (Under)	Actual Amounts GAAP Basis
	Original	Final				
REVENUES						
Property Taxes	\$ 134,957	\$ 134,957	\$ (19,308)	\$ 115,649	\$ (13,965)	129,614
Municipal Insurance	35,000	35,000	11,309	46,309	0	46,309
Kentucky Municipal Road Aid	7,500	7,500	419	7,919		7,919
Base Court Revenue	1,000	1,000	421	1,421		1,421
Interest Income	200	200	(92)	108		108
Beginning Fund Balance	0	0	243,407	243,407		243,407
Total Revenue and Carryover	<u>178,657</u>	<u>178,657</u>	<u>236,156</u>	<u>414,813</u>	<u>(13,965)</u>	<u>428,778</u>
Expenditures						
General:						
General Government	68,500	68,500	(5,371)	63,129	(3,759)	66,888
Maintenance and Repairs	32,000	150,905	(6,877)	144,028		144,028
Protective Services	50,295	50,295	(332)	49,963		49,963
Total Expenditures	<u>150,795</u>	<u>269,700</u>	<u>(12,580)</u>	<u>257,120</u>	<u>(3,759)</u>	<u>260,879</u>
Excess of Revenues over Expenditures	27,862	(91,043)	248,736	157,693	(10,206)	167,899
Other Financing Sources and (Uses)						
Transfers in		118,905	(118,905)	0	0	0
Transfers out	(27,862)	(27,862)	27,862	0	0	0
Total Other Financing Sources and (Uses)	<u>(27,862)</u>	<u>91,043</u>	<u>(91,043)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - Ending	\$ 0	\$ 0	\$ 157,693	\$ 157,693	\$ (10,206)	\$ 167,899

CITY OF STRATHMOOR MANOR, INC.
EXPLANATION OF BUDGET TO GAAP DIFFERENCES
JUNE 30, 2015

RECONCILIATION OF GAAP TO CASH CASHBUDGET BASIS DUE TO:

Adjustments created because budget prepared on a cash basis and financial statements prepared on accrual basis:

Property tax revenue is adjusted by subtracting the difference in deferred income of \$13,965 at June 30, 2015 from June 30, 2014.

Municipal tax is adjusted by subtracting \$40 difference in receivables at June 30, 2015 from June 30, 2014.

General government expense is adjusted by subtracting \$3,719 difference in accounts payable at June 30, 2015 from June 30, 2014.

William W. Hollister, PSC

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

To the City Commissioners
City of Strathmoor Manor, Inc.

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, each major fund, and the aggregate remaining fund information of the City of Strathmoor Manor, Inc., as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Strathmoor Manor, Inc.'s basic financial statements, and have issued our report thereon dated November 30, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Strathmoor Manor, Inc.'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 Strathmoor Manor, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Strathmoor Manor, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Strathmoor Manor, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

William W. Hollister, CPA

William W. Hollister, PSC
Louisville, Kentucky
November 30, 2015