

**CITY OF WEST BUECHEL, KENTUCKY  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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December 31, 2009

Independent Auditor's Report

To the Mayor and Members of the City Council  
City of West Buchel, Kentucky

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of West Buchel, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of West Buchel, Kentucky's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 West Buchel, Kentucky, as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2009, on our consideration of the City of West Buchel, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information on pages 2 through 6 and 22 through 26 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Stephens & Lawson, PSC*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of West Buechel, Kentucky's (the City) financial performance provides an overview of the City's financial activities for the year ended June 30, 2009. Please read it in conjunction with the City's financial statements, which begin on page 7.

### FINANCIAL HIGHLIGHTS

- During this fiscal year, total revenues of \$1,973,760 exceeded total expenses of \$982,950 by \$990,810.
- Actual revenue exceeded the amount budgeted by \$868,309.
- Actual expenditures were \$225,533 less than the amount budgeted for this fiscal year.
- No additional fixed assets were acquired during this fiscal year.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 7 and 8) 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 9. 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 Assets and the Statement of Activities

Our analysis of the City as a whole begins on page 7. 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 Assets 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. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's health, or financial position. Over time, increases or decreases in the City's net assets 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 health of the City.

Most of the City's basic services are reported here, including general administration, public works, and street maintenance. Property taxes, franchise fees, and insurance taxes finance most of the activities.

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 than 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 to the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

**REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements**

Our analysis of the City's major funds begins on page 9. 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 this 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 Assets and Statement of Activities) and governmental fund in a reconciliation at the bottom of the fund financial statements.

**THE CITY AS A WHOLE**

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

The total assets of the City increased by \$536,264 in fiscal year 2009 as compared to fiscal year 2008. Also, over that same time frame, total liabilities of the City decreased by \$454,546.

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Current Assets	\$ 1,445,213	\$ 850,666
Non-Depreciable Fixed Assets	104,000	104,000
Depreciable Fixed Assets, Net of Accumulated Depreciation	436,849	491,135
of \$545,376 and \$491,090 respectively		
Amortizable Capital Lease Costs, Net of Accumulated Amortization	-	3,997
of \$4,989, and \$993 respectively		
Total Assets	<u>\$ 1,986,062</u>	<u>\$ 1,449,798</u>
<b>Liabilities</b>		
Current Liabilities	\$ 938	\$ 246,975
Long-Term Liabilities	-	208,509
Total Liabilities	<u>\$ 938</u>	<u>\$ 455,484</u>
<b>Net Assets</b>		
Invested in Fixed Assets	\$ 540,849	\$ 380,297
Restricted	118,217	87,958
Unrestricted	1,326,058	526,059
Total Net Assets	<u>\$ 1,985,124</u>	<u>\$ 994,314</u>

The City's primary sources of revenues in this fiscal year were property taxes, occupational taxes, and the gross receipts tax. These three sources comprise 88.36% and 87.69% of the total revenue collected in the fiscal years ending 2009 and 2008 respectively. Total revenues for the year ended June 30, 2009 increased by \$689,815 over the previous fiscal year due mainly to the increase in gross receipts tax collections. Revenues are reported as follows:

Total Revenues  
Total Expenses  
Excess of Revenues Over Expenses

2009	2008
\$ 1,973,760	\$ 1,283,945
982,950	841,001
\$ 990,810	\$ 442,944

Excess of Revenues over Expenditures

Program Expenses:		2009		2008	
	Amount	Percentage	Amount	Percentage	
General Government	\$ 354,952	36.11%	\$ 339,128	40.32%	
Public Safety	483,794	49.22%	415,358	49.39%	
Public Works	85,427	8.69%	57,257	6.81%	
Recreation	15,566	1.58%	5,848	0.70%	
Debt Service	1,712	0.17%	11,159	1.33%	
Capital Outlay	6,756	0.69%	2,734	0.33%	
Streets and Roads	34,743	3.54%	9,517	1.12%	
Total Expenses	\$ 982,950	100.00%	\$ 841,001	100.00%	

are reported as follows:

Expenditures for the year ended June 30, 2009 were \$982,950 which represents an increase of \$141,949 over the previous fiscal year. Expenditures increased mainly due to increased spending in almost every department of the City. Expenditures

Governmental Expenditures

Program Revenues		2009		2008	
	Amount	Percentage	Amount	Percentage	
Charges for Services	\$ 86,244	4.37%	\$ 34,077	2.65%	
Operating Grants and Contributions	25,731	1.30%	28,054	2.18%	
Total program revenues	111,975	5.67%	62,131	4.83%	

General Revenues		2009		2008	
	Amount	Percentage	Amount	Percentage	
Property Taxes	339,862	17.22%	333,245	25.95%	
Occupational Tax	513,935	26.04%	593,618	46.23%	
Franchise Tax	10,446	0.53%	10,390	0.81%	
Insurance Tax	75,646	3.83%	56,369	4.39%	
Gross Receipts Tax	890,253	45.10%	199,140	15.51%	
Intergovernmental Revenue	176	0.01%	108	0.01%	
Interest Income	530	0.03%	1,131	0.09%	
Other Income	3,490	0.18%	6,735	0.52%	
Insurance Proceeds	26,016	1.32%	-	0.00%	
Penalties and Interest	1,431	0.07%	-	0.00%	
Insurance Refunds	-	0.00%	21,078	1.66%	
Total general revenues	1,861,785	94.33%	1,221,814	95.17%	
Total Revenues	\$ 1,973,760	100.00%	\$ 1,283,945	100.00%	

There were no fixed asset additions during this fiscal year.

Governmental Activities	Non-depreciable Assets:	Land	Total non-depreciable assets	Depreciable Assets:	Buildings and Improvements	Equipment	Vehicles	Infrastructure	Total depreciable assets	Total fixed assets	Accumulated Depreciation:	Buildings and Improvements	Equipment	Vehicles	Infrastructure	Total accumulated depreciation	Governmental activities fixed assets, net
Ending Balance	\$ 104,000	-	104,000	539,544	44,801	152,304	245,576	982,225	1,086,225	-	327,409	43,375	144,114	30,478	545,376	\$ 540,849	
Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Additions	-	-	-	-	-	-	-	-	-	-	15,954	5,409	24,569	8,354	54,286	(\$ 54,286)	
Beginning Balance	\$ 104,000	-	104,000	539,544	44,801	152,304	245,576	982,225	1,086,225	-	311,455	37,966	119,545	22,124	491,090	\$ 595,135	

For the year ended June 30, 2009, the City had \$1,086,225 invested in fixed assets including land, buildings, equipment, vehicles, and infrastructure. A schedule of the changes in fixed assets during this fiscal year is as follows:

**FIXED ASSETS**

For the year ended June 30, 2009, general fund revenues of \$1,942,99 were \$868,509 more than the \$1,073,990 budgeted. Revenue sources with a budget shortfall included occupational tax, bank franchise tax, and prior year property tax collections. For the year ended June 30, 2009, general fund expenditures of \$1,117,383 were \$225,533 less than the \$1,333,200 budgeted. While the exceptions of debt service and public works, no other department of the City was over budget; however, several line item expenditures did exceed the amount budgeted.

**GENERAL FUND BUDGETARY FUND HIGHLIGHTS**

2009	2008
Beginning Net Assets	\$ 994,314
Increase in Net Assets	990,810
Prior Period Adjustment	40,372
Ending Net Assets	\$ 994,314
	\$ 1,985,124

For the years ended June 30, 2009 and 2008, net assets changed as follows:

**Change in Net Assets**

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 3705 Bashford Avenue, West Buechel, Kentucky 40218.

#### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

General fund budget expenditures were increased to \$1,276,200 to reflect increased spending on general government and public works.

Due to a higher budget projection for tax revenues this year compared to the previous year, the general fund budget for fiscal year 2010 increased to \$1,391,490.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET



**CITY OF WEST BUECHEL, KENTUCKY**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

Primary Government	Governmental Activities
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and Cash Equivalents (\$111,780 restricted)	\$ 1,244,871
Investments (\$4,187 restricted)	4,187
Receivables (\$2,250 restricted)	192,628
Prepaid Expenses	3,527
Total Current Assets	1,445,213
<b>Non-current Assets:</b>	
Fixed Assets:	
Non Depreciable Fixed Assets	104,000
Depreciable Fixed Assets, net	436,849
Total Fixed Assets, net	540,849
Total Assets	\$ 1,986,062
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Accounts Payable	938
Total Current Liabilities	938
Total Liabilities	938
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	540,849
Restricted for Roads	104,382
Restricted for Shop with a Cop	1,500
Restricted for Police Seizures	11,273
Restricted for Explorer Program	1,062
Unrestricted	1,326,058
Total Net Assets	\$ 1,985,124

See the accompanying notes to the financial statements.

**CITY OF WEST BUECHEL, KENTUCKY**  
**STATEMENT OF ACTIVITIES**  
**JUNE 30, 2009**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue Primary Governmental Activities</u>
Primary Government:					
Governmental Activities:					
General Government	\$ 354,952	\$ 86,244	\$ -	\$ -	\$ (268,708)
Public Safety	483,794	-	40	-	(483,754)
Public Works	85,427	-	-	-	(85,427)
Recreation	15,566	-	2,100	-	(13,466)
Debt Service	1,712	-	-	-	(1,712)
Capital Outlay	6,756	-	-	-	(6,756)
Streets and Roads	34,743	-	23,591	-	(11,152)
Total Governmental Activities	<u>982,950</u>	<u>86,244</u>	<u>25,731</u>	<u>-</u>	<u>(870,975)</u>
<b>Total Primary Government</b>	<b><u>\$ 982,950</u></b>	<b><u>\$ 86,244</u></b>	<b><u>\$ 25,731</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (870,975)</u></b>
<b>General Revenues:</b>					
Taxes:					
Property Taxes					\$ 339,862
Occupational Tax					513,935
Franchise Tax					10,446
Insurance Tax					75,646
Gross Receipts					890,253
Insurance Proceeds					26,016
Intergovernmental					176
Interest Income					530
Other Income					3,490
Penalties and Interest					1,431
Total General Revenues					<u>1,861,785</u>
<b>Change in Net Assets</b>					<b>990,810</b>
<b>Net Assets - June 30, 2008</b>					<b>994,314</b>
<b>Net Assets - June 30, 2009</b>					<b><u>\$ 1,985,124</u></b>

See the accompanying notes to the financial statements.

**CITY OF WEST BUECHEL, KENTUCKY  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2009**

**GOVERNMENTAL FUND TYPES**

	Total Governmental Funds	Other Governmental Funds	Road Fund	General Fund
<b>ASSETS</b>				
Cash	1,244,871	\$ 9,698	\$ 102,132	\$ 1,133,041
Investments	4,187	4,187	-	-
Receivables	192,628	-	2,250	190,378
Prepaid Expenses	3,527	-	-	3,527
Due from Other Funds	36,973	800	33,232	2,941
Total Assets	<u>1,482,186</u>	<u>14,685</u>	<u>137,614</u>	<u>1,329,887</u>
<b>LIABILITIES</b>				
Accounts Payable	938	-	-	938
Deferred Revenue	19,867	-	-	19,867
Due to Other Funds	36,973	2,941	-	34,032
Total Liabilities	<u>57,778</u>	<u>2,941</u>	<u>-</u>	<u>54,837</u>
<b>FUND EQUITY</b>				
Reserved Fund Balances	149,358	11,744	137,614	-
Unreserved Fund Balances	1,275,050	-	-	1,275,050
Total Fund Equity	<u>1,424,408</u>	<u>11,744</u>	<u>137,614</u>	<u>1,275,050</u>
Total Liabilities and Fund Equity	<u>\$ 1,482,186</u>	<u>\$ 14,685</u>	<u>\$ 137,614</u>	<u>\$ 1,329,887</u>
Amounts reported for governmental activities in the Statement of Net Assets are different because of the following:				
Property tax revenues are earned but not available and therefore are shown as deferred income in the fund financial statements	\$ 19,867			
Fixed assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds	540,849			
Net Assets of Governmental Activities	<u>\$ 1,985,124</u>			

See the accompanying notes to the financial statements.

**CITY OF WEST BUCHELL, KENTUCKY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

**GOVERNMENTAL FUND TYPES**

	Other Governmental Funds	Road Fund	General Fund	Totals Governmental Funds
<b>REVENUE</b>				
Property Taxes	\$ -	\$ -	\$ 332,298	\$ 332,298
Franchise Tax	-	-	10,446	10,446
Occupational Tax	-	-	513,935	513,935
Gross Receipts Tax	-	-	890,253	890,253
Insurance Tax	-	-	75,646	75,646
Licenses and Permits	-	-	84,889	84,889
Other Income	-	-	3,492	3,492
Charges for Services	-	-	3,455	3,455
Donations	-	-	40	40
Intergovernmental Revenue	-	23,591	176	23,767
Insurance Proceeds	-	-	26,016	26,016
Interest Income	75	33	422	530
Penalties and Interest	-	-	1,431	1,431
Total Revenue	<u>75</u>	<u>23,624</u>	<u>1,942,499</u>	<u>1,966,198</u>
<b>EXPENDITURES</b>				
General Government	-	-	336,428	336,428
Public Safety	2	-	454,015	454,017
Public Works	-	-	84,592	84,592
Recreation	-	-	9,716	9,716
Debt Service	-	-	225,876	225,876
Capital Outlay	-	-	6,756	6,756
Streets	-	26,389	-	26,389
Total Expenditures	<u>2</u>	<u>26,389</u>	<u>1,117,383</u>	<u>1,143,774</u>
Net Change in Fund Balances	73	(2,765)	825,116	822,424
Fund Balances Beginning of Year	11,671	140,379	449,934	601,984
Fund Balances End of Year	<u>\$ 11,744</u>	<u>\$ 137,614</u>	<u>\$ 1,275,050</u>	<u>\$ 1,424,408</u>

See the accompanying notes to the financial statements.

**CITY OF WEST BUCHEL, KENTUCKY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2009**

Reconciliation of the net changes in fund balances - total governmental funds to the change in net assets of governmental activities:

	Net Change in Fund Balances - Total Governmental Funds
	Amounts reported for governmental activities in the Statement
	of activities are difference because:

Some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the fund financial statements. Deferred tax revenues increased by this amount this year

2,505

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

(54,286)

Governmental funds report lease issuance costs as an expenditure while governmental activities report amortization expense to allocate those expenditures over the term of the lease

(3,997)

Loan proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental fund, but reduces the liability in the statement of net assets.

224,164

Change in Net Assets of Governmental Activities

\$ 990,810

**CITY OF WEST BUECHEL, KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Financial Reporting Entity***

The City of West Buechel, Kentucky (the City) incorporated in 1951 and was reclassified to a fifth class City in 1974. The City operates under the Mayor-Council form of government. The City provides the following services authorized by its charter: Public Safety, Recreation and Community Development. Primary revenue sources are property taxes, occupational taxes, business licenses, franchise taxes, and municipal road aid. Those revenues susceptible to accrual are property taxes, occupational taxes, business licenses, insurance taxes, franchise taxes, and intergovernmental receipts.

All significant activities and organizations on which the City of West Buechel, Kentucky exercises oversight responsibility have been included in the City's financial statements, for the year ended June 30, 2009. 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.

***Basis of Presentation***

Government-Wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and

**CITY OF WEST BUECHEL, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2009**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*Basis of Presentation - Continued*

b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The funds of the financial reporting entity are described below:

Governmental type funds used by the primary government are as follows:

**General Fund** - The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

**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 specified purposes.

*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**

On the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, 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.

**Basis of Accounting**

In the government-wide Statement of Net Assets 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, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. 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.

**CITY OF WEST BUCHEL, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2009**  
**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*Measurement Focus and Basis of Accounting – Continued*

**Basis of Accounting – Continued**

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.

**Encumbrances**

The City does not employ encumbrance accounting; under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to preserve that portion of the applicable appropriation.

**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.

**Cash and Cash Equivalents**

The City considers all cash in bank and highly liquid investments with a maturity of ninety days or less to be cash and cash equivalents.

**Investments**

Investments of the primary government are valued at fair market value. All investments of the City comply with the Kentucky Revised Statutes concerning the types of investments allowed.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes and occupational taxes. In the fund financial statements, material receivables in governmental funds include revenue accruals such as property tax, occupational tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions, collectible but not available 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.

All receivables are considered fully collectible; therefore, an allowance for doubtful accounts is not necessary.



**CITY OF WEST BUCHEHL, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2009**  
**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Fixed Assets**

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. For financial reporting purposes, the City has decided to only capitalize individual assets with a value of \$5,000 or greater. Fixed assets are not reported on the fund financial statements.

Prior to June 30, 2003, estimated historical cost was used to value a majority of the assets acquired and a calculation of accumulated depreciation was made based on the information obtained. Assets that were fully depreciated as of June 30, 2003 were not included in the new fixed asset records of the City.

Prior to June 30, 2003, governmental funds' infrastructure assets were not required to be capitalized by the City nor were these assets capitalized by the City. Starting on July 1, 2003 the City is required to keep a record of all infrastructure assets placed in service from that date forward.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with 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 assets is as follows:

Buildings	40 years
Building Improvements	20 years
Vehicles	5 years
Equipment	5 to 15 years
Infrastructure	25 years

**Inventories**

Disbursements for inventory type items are considered expenditures at the time of purchase.

**Due to and Due 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 between funds within governmental activities are eliminated in the Statement of Net Assets.

**Equity Classifications**

Government-Wide Statements

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

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net assets - Consist of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**CITY OF WEST BUECHEL, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2009**  
**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*Equity Classifications - Continued*

c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

*Accounts Payable*

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

*Property Tax Revenue*

The City assesses property taxes in July of each calendar year (.28 per \$100 of assessed value) based upon an assessment date of January 1<sup>st</sup>. Bills are mailed on October 1<sup>st</sup> and are payable by January 2<sup>nd</sup> of the next calendar year. Bills paid on or before November 1<sup>st</sup> are allowed a 2% discount; bills paid after that date but before January 2<sup>nd</sup> are not allowed a discount nor are subject to a penalty. All bills paid after January 2<sup>nd</sup> but before June 30<sup>th</sup> of the following year are charged a 5% penalty plus 8% interest per annum. Bills paid after July 1<sup>st</sup> are charged an additional 10% penalty above what was previously described and accrue interest charges until paid.

*Occupational License and Gross Receipts Taxes*

The City assesses an occupational tax of 1 percent of wages on persons who work within the City of West Buechel in any business, profession, trade or occupation. Such amounts are to be withheld from the employee's wages and remitted quarterly with a completed payroll tax return detailing total wages and tax withholdings. The maximum liability for an individual under this ordinance is \$50,000. The City also imposes a tax of .05 percent of gross receipts for business operating within the City with a minimum fee of \$50 and a maximum fee of \$50,000.

*Expenditures/Expenses*

In the government-wide financial statements, expenses are classified by function. In the fund financial statements, governmental fund expenditures 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 assets are available.

*Compensated Absences*

The City has made no accrual for compensated absences due to the difficulty in making such a calculation.

*Estimates*

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

**CITY OF WEST BUECHEL, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2009**

**NOTE B – 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 invests surplus cash at local banks in the form of certificates of deposit, savings accounts, and money market accounts. This investment call subjects the City to custodial credit risk; however, the City considers this risk immaterial, and as such, the City does not have a formal investment policy to deal with such risk.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2009, all of the City's deposits were covered by FDIC Insurance.

The City's investments/certificates of deposit are also subject to risks such as interest rate risk and concentration of credit risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City has attempted to address this risk by diversifying the investments and their maturity dates to minimize the risk of loss. Concentration of credit risk 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.

**NOTE C – RECEIVABLES**

Receivable at June 30, 2009 consisted of the following:

Statement of		Balance Sheet - Governmental Funds	
Net Assets	Governmental	General	Special Revenue
Activites	Fund	Fund	Fund
<u>\$ 4,044</u>	<u>\$ 4,044</u>	<u>\$ 4,044</u>	<u>\$ -</u>
20,281	20,281	20,281	-
2,250	-	-	2,250
143,939	143,939	143,939	-
22,114	22,114	22,114	-
<u>\$ 192,628</u>	<u>\$ 190,378</u>	<u>\$ 190,378</u>	<u>\$ 2,250</u>

**CITY OF WEST BUCHEL, KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2009**

**NOTE D - FIXED ASSETS**

Fixed asset activity for the year ended June 30, 2009, was as follows:

Ending Balance	Retirements	Additions	Beginning Balance	Governmental Activities Non-depreciable Assets: Land	Total non-depreciable assets
104,000	-	-	\$ 104,000	\$ 104,000	104,000
539,544	-	-	539,544	Buildings and Improvements	539,544
44,801	-	-	44,801	Equipment	44,801
152,304	-	-	152,304	Vehicles	152,304
245,576	-	-	245,576	Infrastructure	245,576
982,225	-	-	982,225	Total depreciable assets	982,225
1,086,225	-	-	1,086,225	Total fixed assets	1,086,225
327,409	-	15,954	311,455	Accumulated Depreciation:	311,455
43,375	-	5,409	37,966	Buildings and Improvements	37,966
144,114	-	24,569	119,545	Equipment	119,545
30,478	-	8,354	22,124	Vehicles	22,124
545,376	-	54,286	491,090	Infrastructure	491,090
\$ 540,849	-	\$ (54,286)	\$ 595,135	Total accumulated depreciation	595,135
				Governmental activities fixed assets, net	

Depreciation expense of \$54,286 was allocated to the various functions as follows:

9,470	\$	General Government
29,777		Police Department
835		Public Works
5,850		Recreation
8,354		Streets and Roads
54,286	\$	Total

**CITY OF WEST BUCHEL, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2009**

**NOTE E - NOTES PAYABLE**

The City maintains an unsecured credit line with a local financial institution in the amount of \$300,000 to assist in improving the infrastructure of the City. This note has a variable rate of interest and matured June 30, 2009. This note requires monthly payments of interest based on the total amount outstanding on the note. As of June 30, 2009, the City had paid off this credit line and did not renew it.

**NOTE F - CAPITAL LEASE OBLIGATIONS**

In July 2006, the City entered into a fifteen-year lease agreement in the amount of \$280,000 for the acquisition and construction of infrastructure within the City. The interest rate on this lease varies (3.658% at June 30, 2009); therefore, the monthly principle and interest payments vary. The final payment on the lease is due on July 11, 2020. During this fiscal year, the City was able to pay this lease obligation in full.

**NOTE G - EMPLOYEE RETIREMENT SYSTEM**

The City has elected to participate in the County Employee Retirement System pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The City's contribution rate for nonhazardous employees was 13.50 percent.

Benefits fully vest on reaching five years of service for nonhazardous duty employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. The required contributions, which is equal to what the City paid, to this plan for the last two years ending June 30<sup>th</sup> are as follows:

2009	\$12,112
2008	\$11,259

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement System's annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

**NOTE H - 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, 2009 that are recorded as an operating grant and contribution in the government-wide financial statements and as intergovernmental revenue in the general fund on the fund financial statements.

**NOTE I - INTEREST**

The City paid interest in the amount of \$2,851 during this fiscal year on all of its debt and lease obligations. All amounts were reported as expense in the government-wide financial statements. The amounts were as follows:

Obligation	Amount	Payment Reported In
Credit Line	\$ 1,139	General Government
KLC Lease	1,712	Debt Service
	<u>\$ 2,851</u>	

**CITY OF WEST BUCHEL, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2009**

**NOTE J - LITIGATION**

The City is involved in various legal proceedings incidental to the normal course of business. City management is of the opinion, based upon the advice of general counsel, that although the outcome of such litigation cannot be forecast with certainty, final disposition should not have a material effect on the financial position of the City.

**NOTE K - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City maintains commercial insurance coverage for each of the above risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**NOTE L - CONDUIT DEBT OBLIGATIONS**

From time to time, the City has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public's interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance.

Neither the City, the State of Kentucky, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

In September 2004, the City Council approved a bond not to exceed \$7,000,000 for Derby Fabricating, LLC for the acquisition, rehabilitation, and equipping of a manufacturing facility located within City limits.

Currently the City does not have any procedures in place to track the outstanding balance on these bonds.

**NOTE M - POLICE DEPARTMENT**

During the fiscal year ending June 30, 2007, the City decided to disband its police force due to budgetary constraints. The City entered into a contract with United Protection & Security Services, Inc. to provide policing and security services within the City for a per hour rate that is dependent upon the qualifications of the individual providing the service. The contract requires a 30-day notice to terminate the agreement by either party and the contract expired on June 20, 2008. This agreement was renewed by both parties, under similar terms, through June 30, 2009.

**NOTE N - LEASE AGREEMENT**

In March 2007, the City entered into a lease agreement with United Protection & Security Services, Inc. to rent space within City Hall. The terms of the lease required that a monthly payment of \$500.00 be made to the City for the use of the space. The lease expired on March 1, 2008. This agreement was renewed by both parties, under similar terms, through June 30, 2009. By agreement of both parties, this agreement was terminated during the fiscal year ending June 30, 2009.

**CITY OF WEST BUCHEL, KENTUCKY  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 JUNE 30, 2009**

**NOTE N - LEASE AGREEMENT - CONTINUED**

In April 2009, the City entered into a six month lease agreement with the company providing security services as described in Note M to lease 3 police cars owned by the City. The City is to receive \$1 per vehicle for the term of the lease. Under the terms of the lease, the lessee is responsible for all servicing and upkeep of the vehicles along with any damage repairs while in use by the company. This lease agreement was extended to December 31, 2010 as allowed in the original agreement; however, the City was not due any additional payments under the extension.

**NOTE O - STEWARDSHIP**

Expenditures exceeded budget in the following departments:

	Department	
	Public Works	\$ 5,492
	Debt Service	\$ 5,876
	Roads	\$ 1,389
	<u>Amount Over Budget</u>	<u>\$ 12,757</u>

**CITY OF WEST BUCHELT, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
JUNE 30, 2009**

REVENUES	Original Budget	Revisions	Revised Budget	Total Actual	Variance
Taxes:					
Property Taxes	\$ 325,000	-	\$ 325,000	\$ 331,930	\$ 6,930
Prior Year Property Taxes	10,000	-	10,000	368	(9,632)
Bank Franchise Tax	15,000	-	15,000	10,446	(4,554)
Gross Receipts Tax	110,000	-	110,000	890,253	780,253
Occupational Tax	530,000	-	530,000	513,935	(16,065)
Insurance Taxes	35,000	-	35,000	75,646	40,646
License and Permits	10,000	-	10,000	17,705	7,705
Sign Permit Fee	20,000	-	20,000	57,999	37,999
Business License	870	-	870	1,605	735
Liquor and Beer License	1,000	-	1,000	180	(820)
Vendor Loading and Unloading	10,000	-	10,000	7,400	(2,600)
Intergovernmental	120	-	120	176	56
Coal and Mineral Income	500	-	500	1,355	855
Charges for Services	200	-	200	-	(200)
Coke Machine	6,000	-	6,000	2,100	(3,900)
Office Space Rent	-	-	-	906	906
Miscellaneous Income	-	-	-	2,586	2,586
Refunds and Other Credits	-	-	-	40	40
Donations	-	-	-	1,431	1,431
Penalties and Interest	-	-	-	26,016	26,016
Insurance Proceeds	500	-	500	422	(78)
Interest Income	1,074,190	-	1,074,190	1,942,499	868,309
Total Revenues before Prior Year Fund Balance	397,000	-	-	-	-
Prior Year Fund Balance:					
Appropriated for Current Year Budget	1,471,190	-	1,074,190	1,942,499	868,309
Total Revenues and Prior Year Fund Balance	1,471,190	-	1,074,190	1,942,499	868,309

See the accompanying notes to the financial statements.



**CITY OF WEST BUCHEL, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
(CONTINUED)  
JUNE 30, 2009**

Original Budget	Revisions	Revised Budget	Actual Total	Variance
14,400	-	14,400	14,400	-
25,200	-	25,200	25,200	-
76,000	11,000	87,000	83,265	3,735
24,000	-	24,000	14,218	9,782
15,000	-	15,000	12,970	2,030
12,000	-	12,000	5,720	6,280
-	-	-	1,430	(1,430)
1,800	6,000	7,800	7,192	608
1,200	700	1,900	1,910	(10)
65,000	-	65,000	48,529	16,471
2,000	-	2,000	3,789	(1,789)
2,000	-	2,000	1,362	638
35,000	-	35,000	21,309	13,691
6,000	700	6,700	6,850	(150)
500	-	500	726	(226)
4,800	-	4,800	3,300	1,500
42,000	3,100	45,100	41,522	3,578
1,500	-	1,500	1,445	55
1,000	-	1,000	100	900
14,100	27,000	41,100	12,112	28,988
-	-	-	280	(280)
5,000	-	5,000	1,429	3,571
500	-	500	532	(32)
300	1,600	1,900	2,125	(225)
-	-	-	1,581	(1,581)
10,000	-	10,000	2,917	7,083
-	-	-	1,139	(1,139)
74,000	-	74,000	2,000	72,000
7,000	200	7,200	5,633	1,567
8,000	4,000	12,000	4,402	7,598
6,000	-	6,000	-	6,000
-	2,700	2,700	-	2,700
-	-	-	595	(595)
7,000	-	7,000	6,446	554
461,300	57,000	518,300	336,428	181,872
458,800	-	458,800	454,015	4,785
458,800	-	458,800	454,015	4,785
<b>General Government:</b>				
<b>General and Administrative Expenditures</b>				
<b>Payroll - Mayor</b>				
<b>Payroll - Council</b>				
<b>Payroll - Administrative</b>				
<b>Payroll Taxes</b>				
<b>Legal Services</b>				
<b>Accounting</b>				
<b>Refunds and Overpayments</b>				
<b>Office Supplies</b>				
<b>Postage</b>				
<b>Insurance</b>				
<b>Legal Ads</b>				
<b>Education Expense</b>				
<b>Office Utilities</b>				
<b>Telephone</b>				
<b>Dues</b>				
<b>Janitorial</b>				
<b>Health and Dental Insurance</b>				
<b>Travel Mayor and Council</b>				
<b>Travel Administration</b>				
<b>Retirement</b>				
<b>Return of Fees</b>				
<b>Miscellaneous</b>				
<b>Pest Control</b>				
<b>Small Equipment</b>				
<b>Fuel for Equipment</b>				
<b>Maintenance and Repairs</b>				
<b>Interest Expense</b>				
<b>Bank Fees</b>				
<b>Payroll Processing Fees</b>				
<b>Lease Equipment</b>				
<b>Code Enforcement Board</b>				
<b>Office Software</b>				
<b>Internet Expense</b>				
<b>Property Tax Settlement</b>				
<b>Total General Government</b>				
<b>Public Safety</b>				
<b>Patrol/Security Services</b>				
<b>Total Police Department</b>				

See the accompanying notes to the financial statements.

CITY OF WEST BUECHEL, KENTUCKY  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 (CONTINUED)  
 JUNE 30, 2009

EXPENDITURES AND ENCUMBRANCES - Continued				
	Original Budget	Revised Budget	Actual Total	Variance
Public Works				
Salaries	35,000	35,000	29,696	5,304
Payroll Tax	3,500	3,500	4,413	(913)
Health and Dental Insurance	500	500	-	500
Retirement	500	500	-	500
Miscellaneous	100	100	-	100
Uniforms	200	200	-	200
Small Equipment	1,300	1,300	-	1,300
Fuel	3,000	3,000	9	2,991
Repairs	3,000	3,000	21,674	(18,674)
Supplies	2,000	2,000	-	2,000
Snow Removal	-	-	1,393	(1,393)
Solid Waste	30,000	30,000	26,953	3,047
Street Lights	-	-	454	(454)
Total Public Works	79,100	79,100	84,592	(5,492)
Recreation				
Community Activities	15,000	15,000	5,715	9,285
Membership Dues	-	-	332	(332)
Supplies	-	-	2,417	(2,417)
Repairs	3,000	3,000	1,252	1,748
Total Recreation	18,000	18,000	9,716	8,284
Debt Service				
Capital Lease Payments	220,000	220,000	225,876	(5,876)
Total Debt Service	220,000	220,000	225,876	(5,876)
Capital Outlay				
Office Furniture and Equipment	1,000	1,000	2,973	(1,973)
Computer Supplies/Equipment	3,000	3,000	-	3,000
Capital Improvements	53,000	53,000	-	53,000
Contract Labor	-	-	3,783	(3,783)
Total Capital Outlay	57,000	57,000	6,756	50,244
Total Expenditures	1,276,200	1,333,200	1,117,383	225,533
Excess of Expenditures Over Revenues	194,990	(57,000)	825,116	1,093,842

See the accompanying notes to the financial statements.  
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**CITY OF WEST BUECHEL, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
(CONTINUED)  
JUNE 30, 2009**

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
Other Financing Sources (Uses)	(33,000)	-	(33,000)	-	33,000
Road Fund Repayments	(33,000)	-	(33,000)	-	33,000
Total Other Financing Sources (Uses)	(33,000)	-	(33,000)	-	33,000
Excess of Expenditures and Other Financing Uses Over Revenue and Other Financing Sources	161,990	(57,000)	(292,010)	825,116	1,126,842
Fund Balance, beginning	397,000	-	397,000	449,934	52,934
Less Budgeted Fund Balance	(397,000)	-	(397,000)	-	397,000
Fund Balance, ending	\$ 161,990	\$ (57,000)	\$ (292,010)	\$ 1,275,050	\$ 1,576,776
Adjustments to Generally Accepted Accounting Principles					
None					
Fund Balance, ending (GAAP Basis)				\$ 1,275,050	

See the accompanying notes to the financial statements.  
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**CITY OF WEST BUECHEL, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE - MUNICIPAL ROAD AID  
JUNE 30, 2009**

	Original Budget	Revised Budget	Revisions	Total Actual	Variance
<b>REVENUES</b>					
Municipal Road Aid	\$ 20,000	\$ 20,000	-	\$ 23,591	\$ 3,591
Intergovernmental Revenue	450	450	-	33	(417)
Interest Income	20,450	20,450	-	23,624	3,174
Total Revenues before Prior Year Fund Balance	71,526	71,526	-	-	(71,526)
Appropriated for Current Year Budget	91,976	91,976	-	23,624	(68,352)
Total Revenues and Prior Year Fund Balance	25,000	25,000	-	26,389	(1,389)
Municipal Road Aid	25,000	25,000	-	26,389	(1,389)
Street Repair	-	-	-	26,389	(1,389)
Total Municipal Road Aid	66,976	66,976	-	(2,765)	(69,741)
Excess of Revenue over Expenditures	33,000	33,000	-	-	(33,000)
Other Financing Sources (Uses)	33,000	33,000	-	-	(33,000)
General Fund Repayments	33,000	33,000	-	-	(33,000)
Total Other Financing Sources (Uses)	99,976	99,976	-	(2,765)	(102,741)
Excess of Expenditures and Other Financing Uses Over Revenue and Other Financing Sources	71,526	71,526	-	140,379	68,853
Fund Balance, beginning	(71,526)	(71,526)	-	-	71,526
Less Budgeted Fund Balance	\$ 99,976	\$ 99,976	-	\$ 137,614	\$ 37,638
Fund Balance, ending	\$ 99,976	\$ 99,976	-	\$ 137,614	\$ 37,638

Fund Balance, ending (GAAP Basis)

\$ 137,614

Adjustments to Generally Accepted Accounting Principles  
None

**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***



December 31, 2009

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 Mayor and City Council  
 City of West Buechel, Kentucky

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of West Buechel, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the City of West Buechel, Kentucky's basic financial statements and have issued our report thereon dated December 31, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of West Buechel, Kentucky's internal control over financial reporting as a basis for designing our auditing procedures 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 West Buechel, Kentucky's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of West Buechel, Kentucky's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of West Buechel, Kentucky's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of West Buechel, Kentucky's financial statements that is more than inconsequential will not be prevented or detected by the City of West Buechel, Kentucky's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

1. Bank accounts are not being reconciled in a timely manner.

*Mayor's response: Accounts will be reconciled in the future.*

2. Controls as they relate to the review of the account coding of money received is inadequate.

*Mayor's response: New staff controls are in place to keep the checks in balance, since November 2008.*

Louisville, Kentucky

*Stephens & Lawson PSC*

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be used by anyone other than these specified parties.

The City of West Buechel, Kentucky's response to the findings identified in our audit are described above. We did not audit the City of West Buechel, Kentucky's response and, accordingly, we express no opinion on it.

As part of obtaining reasonable assurance about whether the City of West Buechel, Kentucky's financial statements are free of 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*.

#### Compliance and Other Matters

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of West Buechel, Kentucky's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items #1, #2, #3, and #5 to be material weaknesses.

5. Inadequate segregation of duties as it relates to the recording and processing of transactions.
 

*Mayor's response: As of November 2008, the clerks duties are designated. The knowledge of all operations, has aided personnel to be interchangeable in the case of need. The acquiring of additional staff does keep the processing of transactions in check.*
4. Due to fiscal constraints, management has decided not to employ personnel with sufficient knowledge and training to prepare financial reports in accordance with accounting principles generally accepted in the United States of America.
 

*Mayor's response: In November 2008, the lack and versatility of staff was rectified, per the audit recommendation. West Buechel currently employs a part-time accountant with 12+ years experience, a former office administrator with 20 years experience, and an employee with customer service and office management experience. These 3 office staff have more than exceeded the desired expectations.*
3. Controls as they relate to the follow-up with delinquent tax payers are not sufficient.
 

*Mayor's response: As of November 2008, the new filing system includes the coding of all property taxes by bill number. Records are kept in the files as well as computerized. These improvements led to the discovery of over \$18,000.00 in uncollected revenues from delinquent property taxes overlooked from the years 2003 – 2008.*