

**City of West Buechel, Kentucky**  
**Audit of Basic Financial Statements**  
**Year Ended June 30, 2011**

**ANNUAL FINANCIAL REPORT**

**City of West Buchel**

**Year Ended June 30, 2011**

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### Independent Auditor's Report

To the Honorable Mayor and City Council  
City of West Buechel, 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 Buechel, Kentucky, as of and for the year ended June 30, 2011, 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 Buechel, Kentucky's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of West Buechel, Kentucky, as of June 30, 2011, 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.

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 through 7 and 26 through 30 be presented to supplement the basic financial statements. Such information, although not 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. 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 regarding 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2012 on our consideration of the City of West Buechel, Kentucky's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of the audit.

*Jonathan Michael Smith PLLC*  
JONATHAN MICHAEL SMITH PLLC  
January 2, 2012

## Management's Discussion and Analysis

Our discussion and analysis of the City of West Buechel's financial performance provides an overview of the City's financial activities for the year ended June 30, 2011. Please read it in conjunction with the City's financial statements, which begin on page 9.

## FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities by \$2,473,562 (net assets) for the fiscal year ended June 30, 2011.
- The largest sources of revenue for the City were property taxes, occupational taxes, insurance premium taxes, and net profit taxes. These four sources account for 92.2% of the City's total revenue. Total revenue of the City decreased by \$476,424 during this fiscal year. This was primarily the result of the city replacing its gross receipts tax with a net profits tax.
- The City's expenses of \$1,156,863 reflect an increase of \$116,860 over the previous year. General Government had the largest department increase. The increase was the result of refunds to tax paying entity's as a result of the city's change from a gross receipts tax to a net profit tax.

## 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 9-10) 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 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending, if applicable. 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 9. 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 the 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 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 and 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 services are reported here, including administration, police, street maintenance, and recreation. Property taxes and occupational taxes finance most of these activities.

Reporting the City's Most Significant Funds

Fund Financial Statements

Our analysis of the City's major funds begins on page 11. The fund financial statements provide detail 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 that is available for spending in the next period. This fund is reported using the accounting method called modified accrual 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 basis services it provides. Governmental fund information helps you 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 reconciliation at the bottom of the fund financial statements.

FINANCIAL INFORMATION

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

The total assets of the City decreased by \$69,656 during this fiscal year, which was primarily the result of a decrease in cash and net fixed assets. Liabilities decreased by \$17,233, which was a result of decreases in accounts payable and deferred net profit taxes.

THE CITY'S FUNDS

Assets	2011	2010	Variance
Current Assets	\$ 1,887,953	\$ 1,920,171	\$ (32,218)
Non-Depreciable Fixed Assets	104,000	104,000	-
Depreciable Capital Assets (Net)	489,931	527,369	(37,438)
Total Assets	\$ 2,481,884	\$ 2,551,540	\$ (69,656)
Liabilities			
Current Liabilities	\$ 8,322	\$ 25,555	\$ 17,233
Long-Term Liabilities	-	-	-
Total Liabilities	\$ 8,322	\$ 25,555	\$ 17,233
Net Assets			
Invested in Fixed Assets	\$ 593,931	\$ 631,369	\$ (37,438)
Restricted	81,857	69,865	11,992
Unrestricted	1,797,774	1,824,751	(26,977)
Total Net Assets	\$ 2,473,562	\$ 2,525,985	\$ (52,423)

**Governmental Revenues**

- The City's primary sources of revenue were property taxes, occupational taxes, insurance taxes and net profit taxes. These four sources of revenues comprise 92.2% of the total revenue collected during the fiscal year ending June 30, 2011. Total revenues for the year ending June 30, 2011 decreased by \$476,424. This was primarily the result of the City replacing its gross receipts tax with a net profit tax during the fiscal year ending June 30, 2011. Property tax rates also decreased as a result of decreases in property tax rates from 28 cents per \$100 of property valuation to 20 cents per \$100 of property valuation.

	2011	2010	Variance
<b>Program Revenues:</b>			
Charges for Services	\$ 37,429	\$ 41,861	\$ (4,432)
Operating Grants and Contributions	28,206	24,974	3,232
<b>Total Program Revenues</b>	<b>65,635</b>	<b>66,835</b>	<b>(1,200)</b>
<b>General Revenues:</b>			
Property Taxes	277,553	342,254	(64,701)
Occupational Taxes	513,550	562,799	(49,249)
Bank Franchise Taxes	11,557	10,099	1,458
Insurance Taxes	80,632	82,257	(1,625)
Gross Receipt Taxes	-	278,156	(278,156)
Net Profit Taxes	108,437	166,485	(58,048)
Intergovernmental Revenue	51	91	(40)
Interest Income	5,010	2,867	2,143
Other Income	1,015	1,723	(708)
Rental	-	4,100	(4,100)
Insurance Proceeds	-	22,198	(22,198)
<b>Total General Revenues</b>	<b>997,805</b>	<b>1,473,029</b>	<b>(475,224)</b>
<b>Total Revenues</b>	<b>\$ 1,063,440</b>	<b>\$ 1,539,864</b>	<b>\$ (476,424)</b>

**Governmental Expenses**

Total Governmental expenses increased by \$116,860 compared to the prior year. General Government had the largest department increase. This increase was due to refunds to tax paying entity's resulting from the city's change from a gross receipts tax to a net profit tax.

	2011	2010	Variance
<b>Expenses</b>			
<b>Program Expenses:</b>			
General Government	\$ 542,826	\$ 399,621	\$ (143,205)
Public Safety	436,590	498,931	62,341
Public Works	88,224	80,947	(7,277)
Recreation	31,259	6,591	(24,668)
Capital Outlay	6,480	5,960	(520)
Streets and Roads	10,484	6,953	(3,531)
<b>Total Expenses</b>	<b>\$ 1,115,863</b>	<b>\$ 999,003</b>	<b>\$ (116,860)</b>

Excess / Deficiency of Revenues over Expenses

This information represents the "bottom line" from a revenue-expense standpoint. Expenses exceeded revenues by \$52,423. The \$52,423 represents the decrease in the city's net worth for the year ending June 30, 2011.

	2011	2010	
Total Revenues	\$ 1,063,440	\$ 1,539,864	Positive
Total Expenses	1,115,863	999,003	(Negative)
Excess (Deficiency) of Revenues	\$ (52,423)	\$ 540,861	Variance
Over Expenses			

Change in Net Assets

Another way to view the financial condition of the City is Change in Net Assets. One is able to address the question; is the city as a whole better off than the prior year? The answer to this question is the city's financial condition has slightly declined from the previous fiscal year.

	2011	2010	
Beginning Net Assets	\$ 2,525,985	\$ 1,985,124	
Increase (Decrease) in Net Assets	(52,423)	540,861	
Ending Net Assets	\$ 2,473,562	\$ 2,525,985	

Fixed Assets

	Balance July 1, 2010	Additions	Disposals	Balance June 30, 2011
Land	\$ 104,000	-	-	\$ 104,000
Total Non-Depreciable Assets	104,000	-	-	104,000
Buildings and Improvements	563,900	-	-	563,900
Equipment	44,801	6,200	-	51,001
Vehicles	184,903	-	-	184,903
Infrastructure	316,761	-	-	316,761
Total Depreciable Assets	1,110,365	6,200	-	1,116,565
Total Fixed Assets at Cost	1,214,365	6,200	-	1,220,565
Accumulated Depreciation:				
Buildings and Improvements	347,048	20,554	-	367,602
Equipment	43,576	356	-	43,932
Vehicles	151,481	8,158	-	159,639
Infrastructure	40,891	14,570	-	55,461
Total Accumulated Depreciation	582,996	43,638	-	626,634
Net capital assets	\$ 631,369	\$ (37,438)	\$ -	\$ 593,931

This year's only fixed asset addition during the fiscal year ending June 30, 2011 was for the purchase of a new lawn mower.

## General Fund Budgetary Fund Highlights

For the year ended June 30, 2011, general fund revenues of \$1,049,398 were \$2,152 less than the \$1,051,550 budgeted. Revenue sources with budget shortfalls included net profit taxes, occupational taxes, building permit revenues, coal and mineral income, and fines and citations. For the year ended June 30, 2011, general fund expenditures of \$1,074,656 were \$557,944 less than the \$1,632,600 budgeted, primarily as a result of the city not beginning major capital improvements that were initially budgeted for the fiscal year ending June 30, 2011.

## Economic Budget and Next Year's Budget

Due to a lower budget projection for property tax revenue, the general fund budgeted revenues for fiscal year 2011 were decreased to \$1,026,718. General fund expenditures were decreased to \$1,520,100 to reflect decreased spending within general government and recreation.

## Contacting the City's Financial Management

This financial report is designed to provide 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.



## BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

Government-wide financial statements

Fund financial statements:

-Governmental funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**CITY OF WEST BUECHEL, KENTUCKY**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

Primary Government  
 Governmental Activities

	ASSETS	LIABILITIES	NET ASSETS
Current assets:			
Cash, and Cash Equivalents (\$81,857 restricted)	\$ 1,648,477		
Investments	15,114		
Receivables (\$2,407 restricted)	219,979		
Prepaid Expenses	4,383		
Total current assets	<u>1,887,953</u>		
Noncurrent assets:			
Capital Assets (net)	593,931		
Total Assets	<u><u>\$ 2,481,884</u></u>		
Current liabilities:			
Cash, and Cash Equivalents (\$81,857 restricted)		\$ 1,648,477	
Investments		15,114	
Receivables (\$2,407 restricted)		219,979	
Prepaid Expenses		4,383	
Total current assets		<u>1,887,953</u>	
Noncurrent assets:			
Capital Assets (net)		593,931	
Total Assets		<u><u>\$ 2,481,884</u></u>	
Current liabilities:			
Accounts Payable		\$ 8,322	
Total Liabilities		<u>8,322</u>	
NET ASSETS			
Invested in capital assets, net of related debt	593,931		
Restricted for Roads	81,857		
Unrestricted	<u>1,797,774</u>		
Total Net Assets	<u><u>\$ 2,473,562</u></u>		
Total Liabilities & Net Assets	<u><u>\$ 2,481,884</u></u>		

CITY OF WEST BUECHEL, KENTUCKY  
STATEMENT OF ACTIVITIES  
JUNE 30, 2011

Net (Expense) Revenues and Changes in Net Assets	Program Revenues			Expenses	
Governmental Activities	Operating Grants and Contributions	Charges for Services	Program Revenues	Expenses	
(505,397)	-	\$ 37,429	\$ 37,429	\$ 542,826	\$ 436,590
(436,590)	-	-	-	Public Safety	88,224
(88,224)	-	-	-	Public Works	31,259
(31,259)	-	-	-	Recreation	6,480
(6,480)	-	-	-	Capital Outlay	10,484
17,722	28,206	-	-	Streets and Roads	1,115,863
(1,050,228)	28,206	\$ 37,429	\$ 37,429	Total Government	\$ 1,115,863
(1,050,228)	28,206	\$ 37,429	\$ 37,429	Total Primary Government	\$ 1,115,863
277,553				Taxes:	
513,550				Property Taxes	
108,437				Occupational Taxes	
80,632				Net Profit Taxes	
11,557				Insurance Taxes	
51				Bank Franchise Taxes	
5,010				Intergovernmental	
1,015				Interest Income	
997,805				Other Revenues	
(52,423)				Total General Revenues	
2,525,985				Change in Net Assets	
2,473,562				Net Assets - Beginning	
2,473,562				Net Assets - Ending	

CITY OF WEST BUECHEL, KENTUCKY  
 COMBINED BALANCE SHEET - ALL FUND TYPES  
 JUNE 30, 2011

	General Fund	Road Fund	Government Funds		
<b>ASSETS</b>					
Cash	\$ 1,566,620	\$ 81,857	\$ 1,648,477		
Investments	15,114	-	15,114		
Receivables	217,572	2,407	219,979		
Prepaid Expense	4,383	-	4,383		
Due From Other Funds	-	30,563	30,563		
Total Assets	<u>\$ 1,803,689</u>	<u>\$ 114,827</u>	<u>\$ 1,918,516</u>		
<b>LIABILITIES</b>					
Accounts Payable	\$ 8,322	\$ -	\$ 8,322		
Due to Other Funds	30,563	-	30,563		
Total Liabilities	<u>\$ 38,885</u>	<u>\$ -</u>	<u>\$ 38,885</u>		
<b>FUND BALANCE</b>					
Reserved Fund Balances	\$ -	\$ 114,827	\$ 114,827		
Unreserved Fund Balances	1,764,804	-	1,764,804		
Total fund balance	<u>1,764,804</u>	<u>114,827</u>	<u>1,879,631</u>		
Total Liabilities and Fund Balance	<u>\$ 1,803,689</u>	<u>\$ 114,827</u>	<u>\$ 1,918,516</u>		
Amounts reported for governmental activities in the Statement of Net Assets 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				\$626,634	
Net Assets of Governmental Activities					<u>\$ 2,473,562</u>

**CITY OF WEST BUCHEL, KENTUCKY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL  
FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2011**

	<b>General Fund</b>	<b>Maintenance Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Taxes:				
Property Taxes	\$ 291,829	\$ -	\$ -	\$ 291,829
Bank Franchise Taxes	11,557	-	-	11,557
Occupational Taxes	513,550	-	-	513,550
Net Profit Taxes	108,437	-	-	108,437
Insurance Taxes	80,632	-	-	80,632
Licenses and Permits	37,114	-	-	37,114
Intergovernmental Revenue	51	28,206	-	28,257
Charges for Services	315	-	-	315
Interest	4,898	112	-	5,010
Other Income	1,015	-	-	1,015
Total Revenues	\$ 1,049,398	\$ 28,318	\$ -	\$ 1,077,716
<b>EXPENDITURES</b>				
General Government	\$ 535,214	\$ -	\$ -	\$ 535,214
Public Safety	412,654	-	-	412,654
Public Works	87,552	-	-	87,552
Recreation	26,556	-	-	26,556
Capital Outlay	12,680	-	-	12,680
Streets and Roads	-	3,769	-	3,769
Total Expenditures	\$ 1,074,656	\$ 3,769	\$ -	\$ 1,078,425
Net Change in Fund Balance	(25,258)	24,549	-	(709)
Fund balances-beginning	1,778,371	90,278	11,691	1,880,340
Transfers In (Out)	11,691	-	(11,691)	-
Fund balances-ending	\$ 1,764,804	\$ 114,827	\$ -	\$ 1,879,631

CITY OF WEST BUCHEL, KENTUCKY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL  
 GOVERNMENTAL FUND TYPES (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2011

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 \$ (709)

Amounts reported for governmental activities in the Statement of Activities are different 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 decreased by this amount this year (14,276)

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 6,200

Depreciation expense (43,638)

Change in Net Assets of Governmental Activities \$ (52,423)

**CITY OF WEST BUECHEL, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS  
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<p>NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</p> <p>Financial Reporting Entity Basis of Presentation Measurement Focus and Basis of Accounting Assets, Liabilities, and Equity Revenues, Expenditures, and Expenses</p> <p>NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY</p> <p>Deposits and Investments</p> <p>NOTE 3. DETAIL NOTES ON TRANSACTION CLASSIFICATION ACCOUNTS</p> <p>Accounts Receivable Capital Assets</p> <p>OTHER NOTES</p> <p>Employee Retirement System Intergovernmental Revenue Litigation Risk Management Conduit Debt Obligations Police Department</p>	<p>A. B. C. D. E. F.</p> <p>A. B.</p> <p>A.</p> <p>A. B.</p>
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CITY OF WEST BUECHEL, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.A. FINANCIAL REPORTING ENTITY

The City of West Buechel, Kentucky (the City) is a fifth class city located in Jefferson County, Kentucky. It operates under an elected mayor-council form of government. The City provides the following services authorized by its charter: Public Safety, Public Works, Recreation, and Community Development. Primary revenue sources are property taxes, occupational taxes, net profit taxes, business license fees, insurance taxes, bank franchise taxes, and municipal road aid. Those revenues susceptible to accrual are property taxes, occupational taxes, insurance taxes, net profit taxes, and intergovernmental revenues.

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, 2011. The following criteria regarding manifestation of oversight were considered by the City in 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. The 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.

1.B. 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.



1.B. BASIS OF PRESENTATION (CONTINUED)

*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 expenditure/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
- 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 fund types 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. Municipal road aid funds are accounted for in this fund.

1.C. 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.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Basis of Accounting

In the government-wide Statement of Net Assets and 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 are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recorded when due.

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 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 the modified accrual basis of accounting, which is the basis used in the fund financial statements.

1.D. ASSETS, LIABILITIES, AND EQUITY

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.

CITY OF WEST BUCHEM, KENTUCKY  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2011

**1.D. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)**

**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 occupational taxes, insurance taxes, and property taxes.

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

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

**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 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, 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 was 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 lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Improvements	20 years
Furniture and Fixtures	5 to 15 years
Machinery and Equipment	5 - 15 years
Vehicles	5 to 10 years
Infrastructure	10 to 25 years

**Inventories**

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

CITY OF WEST BUCHEL, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

1.D. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)

Due To and Due From Other Funds

Interfund receivables and payables are recorded by all funds in the period in which the 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 Financials*

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

- a. Invested in capital assets, net of related debt - Consist 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 the 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.
- 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 trades payable to vendors who provide goods and services to the city.

1.E. REVENUES, EXPENDITURES, AND EXPENSES

Property Tax

The City assesses property taxes in July of each calendar year (.20 per \$100 of assessed value) based upon an assessment date of January 1st. Bills are mailed on October 1st payable by January 2nd of the next calendar year. Bills paid on or before November 1st are allowed a 2% discount; bills paid after that date, but before January 2nd are not allowed a discount nor are subject to a penalty. All bills not paid after January 2nd, but before June 30th of the following year are charged a 5% penalty plus 8% interest per annum. Bills paid after July 1st are charged an additional 10% penalty above what was previously described and accrue interest charges until paid.

CITY OF WEST BUECHEL, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

1.E. REVENUES, EXPENDITURES, AND EXPENSES

Occupational License

The City assesses an occupational tax of 1% 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 wages and tax withholdings. The maximum liability for an individual under this ordinance is \$50,000.

Net Profit Taxes

The City imposes a tax on the net profits of any business operating within the City in any capacity in the amount of 1 percent with a minimum fee of \$200.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function. In the fund financial statements, government 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 BUCHEL, KENTUCKY**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**NOTE 2.A. 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 in local deposit and savings accounts. This investment class subjects the City to custodial credit risk. This risk is considered immaterial, and as such, the City does not have an investment policy to deal with such risk.

Custodial credit risk is the risk that in the event of 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, 2011, 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 the 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 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses:

**3.A. ACCOUNTS RECEIVABLE**

Receivable detail at June 30, 2011, is as follows:

	\$	219,979	
Receivable Type			
Occupational Taxes	\$	141,626	
Property Taxes		31,325	
Insurance Taxes		24,621	
Net Profit Taxes		20,000	
Intergovernmental		2,407	
Total Receivables	\$	219,979	
<hr/>			
Statement of Net Assets	\$	141,626	
Governmental Activities		141,626	
Governmental Funds	\$	141,626	
Balance Sheet		141,626	
		31,325	
		24,621	
		20,000	
		2,407	
	\$	219,979	

**CITY OF WEST BUECHEL, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

**NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)**

**3.B. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011, was as follows:

<b>Governmental Activities:</b>		<u>July 1, 2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
		Balance	June 30, 2011	June 30, 2011	June 30, 2011
Land	\$ 104,000	\$ 104,000	-	-	\$ 104,000
Total Non-Depreciable Assets	104,000	104,000	-	-	104,000
Buildings and Improvements	563,900	563,900	-	-	563,900
Equipment	44,801	44,801	6,200	-	51,001
Vehicles	184,903	184,903	-	-	184,903
Infrastructure	316,761	316,761	-	-	316,761
Total Depreciable Assets	1,110,365	1,110,365	6,200	-	1,116,565
Total Fixed Assets at Cost	1,214,365	1,214,365	6,200	-	1,220,565
Accumulated Depreciation:					
Buildings and Improvements	347,048	347,048	20,554	-	347,048
Equipment	43,576	43,576	356	-	43,576
Vehicles	151,481	151,481	8,158	-	151,481
Infrastructure	40,891	40,891	14,570	-	40,891
Total Accumulated Depreciation	582,996	582,996	43,638	-	626,634
Net capital assets	\$ 631,369	\$ 631,369	\$ (37,438)	\$ -	\$ 593,931

Depreciation expense of 43,638 was allocated to the various functions on the statement of activities as follows:

<b>Governmental Activities</b>	<b>\$</b>
General Government	7,613
Public Safety	23,936
Public Works	671
Recreation	4,703
Streets and Roads	6,715
<b>Total Depreciation Expense</b>	<b>\$ 43,638</b>

CITY OF WEST BUCHEL, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

NOTE 4 - OTHER NOTES

4.A. 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 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% of their salary to the plan. The City's contribution rate for nonhazardous employees was 16.93%. Hazardous covered employees are required to contribute 8% of their salary to the plan. The City's contribution rate for hazardous employees was 33.25%.

Benefits fully vest on reaching five years of service or nonhazardous duty employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. The City's contributions to this plan were \$34,515 for the ending June 30, 2011.

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.

4.B. 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, 2011 that are recorded as operating grants and contribution in the government-wide financial statements and as intergovernmental revenue in the road fund in the fund financial statements.

4.C. LITIGATION

The City is involved in various legal proceedings incidental to the normal course of business. City management is of the opinion, based upon advise 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.

4.D. 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 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 four fiscal years.



NOTE 4 - OTHER NOTES (CONTINUED)

4.E. 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 the 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.

4.F. POLICE DEPARTMENT

On February 1, 2011, the City voted to reinstate the police department. The City also contracts with an outside security provider while the police department is being reestablished.

## **Required Supplementary Information**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

-Budgetary Comparison Schedules-General Fund and Road Aid Fund

CITY OF WEST BUECHEL, KENTUCKY  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 NON-GAAP BUDGETARY BASIS  
 YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues (Inflows) Taxes:</b>				
Property Taxes	\$ 265,000	\$ 265,000	\$ 291,829	\$ 26,829
Bank Franchise Taxes	11,000	11,000	11,557	557
Net Profits Tax	125,000	125,000	108,437	(16,563)
Occupational Taxes	550,000	550,000	513,550	(36,450)
Insurance Taxes	80,000	80,000	80,632	632
License and Permits	-	-	15,350	15,350
Sign Permit Fee	-	-	13,764	13,764
Business License	12,000	12,000	-	(125)
Building Permits	5,025	5,025	8,000	2,975
Vendor Loading and Unloading	100	100	51	(49)
Coal and Mineral Income	1,200	1,200	315	(885)
Other	-	-	1,015	1,015
Miscellaneous Income	2,100	2,100	4,898	2,798
Interest Income	1,051,550	1,051,550	1,049,398	(2,152)
Total General Fund Revenues	1,719,081	1,719,081	1,778,371	59,290
Beginning Fund Balance (Non-GAAP Budgetary Basis)	2,770,631	2,770,631	2,827,769	57,138
Total Available for Appropriation	\$ 2,770,631	\$ 2,770,631	\$ 2,827,769	\$ 57,138

**CITY OF WEST BUECHEL, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
NON-GAAP BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2011**

Variance with Final Budget Positive (Negative)	Budgeted Amounts			Actual Amounts	Final Budget Positive (Negative)
	Original	Final	Final		
	\$	\$	\$	\$	\$
	14,400	14,400	14,400	14,400	
	25,200	25,200	25,200	25,200	
	128,000	128,000	128,000	126,144	1,856
	15,000	15,000	15,000	12,404	2,596
	12,000	12,000	12,000	5,000	7,000
	-	-	-	133,708	(133,708)
	4,000	4,000	4,000	4,903	(903)
	8,000	8,000	8,000	3,581	4,419
	65,000	65,000	65,000	41,412	23,588
	4,000	4,000	4,000	4,090	(90)
	10,000	10,000	10,000	4,583	5,417
	35,000	35,000	35,000	21,894	13,106
	8,000	8,000	8,000	9,341	(1,341)
	500	500	500	1,946	(1,446)
	8,000	8,000	8,000	3,750	4,250
	75,000	75,000	75,000	53,409	21,591
	10,000	10,000	10,000	4,561	5,439
	5,000	5,000	5,000	799	4,201
	75,000	75,000	75,000	34,515	40,485
	-	-	-	297	(297)
	500	500	500	511	(11)
	4,000	4,000	4,000	-	4,000
	8,000	8,000	8,000	8,815	(815)
	15,000	15,000	15,000	6,980	8,020
	7,000	7,000	7,000	5,335	1,665
	7,200	7,200	7,200	6,899	301
	4,000	4,000	4,000	435	3,565
	3,000	3,000	3,000	183	2,817
	3,000	3,000	3,000	119	2,881
	<u>553,800</u>	<u>553,800</u>	<u>553,800</u>	<u>535,214</u>	<u>18,586</u>
Total General Government					
Public Safety					
Payroll- Mayor	14,400	14,400	14,400	14,400	
Payroll- Council	25,200	25,200	25,200	25,200	
Payroll- Administrative	128,000	128,000	128,000	126,144	1,856
Legal Services	15,000	15,000	15,000	12,404	2,596
Accounting	12,000	12,000	12,000	5,000	7,000
Refunds and Overpayments	-	-	-	133,708	(133,708)
Office Supplies	4,000	4,000	4,000	4,903	(903)
Postage and Printing	8,000	8,000	8,000	3,581	4,419
Insurance	65,000	65,000	65,000	41,412	23,588
Legal Ads	4,000	4,000	4,000	4,090	(90)
Education Expense	10,000	10,000	10,000	4,583	5,417
Office Utilities	35,000	35,000	35,000	21,894	13,106
Telephone	8,000	8,000	8,000	9,341	(1,341)
Dues	500	500	500	1,946	(1,446)
Janitorial	8,000	8,000	8,000	3,750	4,250
Health and Dental Insurance	75,000	75,000	75,000	53,409	21,591
Travel Mayor and Council	10,000	10,000	10,000	4,561	5,439
Travel Administration	5,000	5,000	5,000	799	4,201
Retirement	75,000	75,000	75,000	34,515	40,485
Miscellaneous	-	-	-	297	(297)
Pest Control	500	500	500	511	(11)
Small Equipment	4,000	4,000	4,000	-	4,000
Maintenance and Repairs	8,000	8,000	8,000	8,815	(815)
Bank Charges and Fees	15,000	15,000	15,000	6,980	8,020
Payroll Processing Fees	7,000	7,000	7,000	5,335	1,665
Property Valuation Fees	7,200	7,200	7,200	6,899	301
Lease Equipment	4,000	4,000	4,000	435	3,565
Office Software	3,000	3,000	3,000	183	2,817
Website	3,000	3,000	3,000	119	2,881
Total General Government	<u>553,800</u>	<u>553,800</u>	<u>553,800</u>	<u>535,214</u>	<u>18,586</u>
Public Safety					
Payroll/Security Services	490,000	490,000	490,000	411,659	78,341
Uniforms	5,000	5,000	5,000	995	4,005
Total Public Safety	<u>495,000</u>	<u>495,000</u>	<u>495,000</u>	<u>412,654</u>	<u>82,346</u>

Charges to Appropriations (Outflows):

CITY OF WEST BUECHEL, KENTUCKY  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 NON-GAAP BUDGETARY BASIS  
 YEAR ENDED JUNE 30, 2011

Variance with Final Budget	Positive (Negative)	Budgeted Amounts		Actual Amounts
		Original	Final	
1,386	1,386	50,000	50,000	48,614
374	374	800	800	426
17,754	17,754	25,000	25,000	7,246
327	327	5,000	5,000	4,673
(826)	(826)	3,000	3,000	3,826
590	590	-	-	590
1,623	1,623	30,000	30,000	28,377
20,048	20,048	113,800	113,800	93,752
58,732	58,732	70,000	70,000	11,268
4,712	4,712	20,000	20,000	15,288
63,444	63,444	90,000	90,000	26,556
28,399	28,399	30,000	30,000	1,601
299,335	299,335	300,000	300,000	665
45,786	45,786	50,000	50,000	4,214
373,520	373,520	380,000	380,000	6,480
557,944	557,944	1,632,600	1,632,600	1,074,656
555,792	555,792	(581,050)	(581,050)	(25,258)
-	-	-	-	-
-	-	-	-	-
555,792	555,792	(581,050)	(581,050)	(25,258)
-	-	-	-	-
555,792	555,792	(581,050)	(581,050)	(25,258)
-	-	-	-	-
555,792	555,792	(581,050)	(581,050)	(25,258)
59,290	59,290	1,719,081	1,719,081	1,778,371
11,691	11,691	-	-	11,691
626,773	626,773	1,138,031	1,138,031	1,764,804
1,764,804	1,764,804	1,138,031	1,138,031	1,764,804

Fund Balance, Ending (Non-GAAP Budgetary Basis) \$ 1,138,031

Transfers in from Previously Restricted Funds -

Fund Balance, Beginning (Non-GAAP Budgetary Basis) 1,719,081

Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (581,050)

Other Financing Sources (Uses) -

Excess (Deficiency) of Revenues Over Expenditures \$ (581,050)

Total General Fund Expenditures 1,632,600

Capital Outlay 30,000

Computer Supplies and Equipment 30,000

Capital Improvements 300,000

Contract Labor 50,000

Total Capital Outlay 380,000

Recreation Payroll-Community Center 70,000

Community Activities 20,000

Total Recreation 90,000

Public Works Payroll 50,000

Uniforms 800

Equipment 25,000

Fuel 5,000

Repairs and Maintenance 3,000

Supplies -

Solid Waste 30,000

Total Public Works 113,800

Recreation Payroll-Community Center 70,000

Community Activities 20,000

Total Recreation 90,000

Public Works Payroll 50,000

Uniforms 800

Equipment 25,000

Fuel 5,000

Repairs and Maintenance 3,000

Supplies -

Solid Waste 30,000

Total Public Works 113,800

Capital Outlay 30,000

Computer Supplies and Equipment 30,000

Capital Improvements 300,000

Contract Labor 50,000

Total Capital Outlay 380,000

Total General Fund Expenditures 1,632,600

Excess (Deficiency) of Revenues Over Expenditures \$ (581,050)

Other Financing Sources (Uses) -

Sale of Assets -

Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (581,050)

Fund Balance, Beginning (Non-GAAP Budgetary Basis) 1,719,081

Transfers in from Previously Restricted Funds -

Fund Balance, Ending (Non-GAAP Budgetary Basis) \$ 1,138,031

Adjustments to Generally Accepted Accounting Principles NONE

Fund Balance, ending (GAAP Basis) 1,764,804

CITY OF WEST BUECHEL, KENTUCKY  
 BUDGETARY COMPARISON SCHEDULE  
 ROAD AID FUND  
 NON-GAAP BUDGETARY BASIS  
 YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>	<u>Actual</u> Amounts	
Beginning budgetary fund balance:	\$ 67,335	\$ 90,278	\$ 22,943 Positive (Negative)
Revenues			
Intergovernmental Revenue	22,000	28,206	6,206
Interest Income	50	112	62
Total Road Maintenance Revenues	<u>22,050</u>	<u>28,318</u>	<u>6,268</u>
Total Available for Appropriation	<u>\$ 89,385</u>	<u>\$ 118,596</u>	<u>\$ 29,211</u>
Charges to Appropriations (Outflows):			
Municipal Road Aid	35,000	2,000	33,000
Street Repairs	15,000	1,769	13,231
Snow Removal	50,000	3,769	46,231
Total Municipal Aid Expenses	(27,950)	(27,950)	52,499
Excess of Revenues Over Expenditures	67,335	90,278	22,943
Fund Balance, Beginning (Non-GAAP Budgetary Basis)	<u>39,385</u>	<u>67,335</u>	<u>22,943</u>
Fund Balance, Ending (Non-GAAP Budgetary Basis)	<u>\$ 39,385</u>	<u>\$ 114,827</u>	<u>\$ 75,442</u>

CITY OF WEST BUCHEMEL, KENTUCKY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2011

NOTE 1 - BUDGET VARIANCES

**General Fund**

For the year ended June 30, 2011, general fund revenues of \$1,049,398 were \$2,152 less than the \$1,051,550 budgeted. Revenue sources with budget shortfalls included net profit taxes, occupational taxes, building permit revenues, coal and mineral income, and fines and citations. For the year ended June 30, 2011, general fund expenditures of \$1,074,656 were \$557,944 less than the \$1,632,600 budgeted, primarily as a result of the city not beginning major capital improvements that were initially budgeted for the fiscal year ending June 30, 2011.

**Road Aid Fund**

For the year ended June 30, 2011, road aid revenues of \$28,318 were \$6,268 greater than the \$22,050 budgeted. This was a result of the City receiving more intergovernmental revenue from the State of Kentucky than they had anticipated when preparing the fiscal year end June 30, 2011 budget. For the year ended June 30, 2011, road aid expenditures of \$3,769 were \$46,231 less than the \$50,000 budgeted. This was primarily the result of positive variances within the City's snow removal and street repair accounts.



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Accountant's Report  
Local Government Economic Assistance Program  
City of West Buechel, Kentucky  
For the Fiscal Year Ended June 30, 2011

To the Mayor and City Council  
City of West Buechel, Kentucky

Kentucky Revised Statutes (KRS) 42.455 defines the priority expenditures for funds received from the Local Government Economic Assistance Program (LGEAP). LGEAP is a system of grants to local governments to improve the environment for new industry and improve the quality of life for the residents.

Grants obtained under this program shall be used for priority expenditures. One hundred percent (100%) of all monies in the fund shall be spent on priority categories limited to those described in section KRS 42.455 (2). In no event shall grants obtained under this program be used for expenses related to the administration of government.

The City has established a separate bank account for handling the receipt and disbursement of LGEAP funds. The funds are received and disbursed in accordance with KRS 42.45.

This report is intended solely for the City of West Buechel, Kentucky, management and others within the administration of the City, and the Kentucky Governor's Office for Local Development (GOLD) and is not intended and should not be used by anyone other than these specified parties.

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