

CITY OF GLENVIEW, KENTUCKY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011

CITY OF GLENVIEW, KENTUCKY
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JUNE 30, 2011

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McIntyre & Wooldridge, PSC
Certified Public Accountants

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Paula E. Wooldridge, CPA

The Honorable Mayor and
Commissioners of the City of
Glenview, Kentucky

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Glenview, Kentucky, as of June 30, 2011, and for the year then ended, which comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City of Glenview, 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the City of Glenview, Kentucky, as of June 30, 2011, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the City has adopted the provisions of Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2011 on our consideration of the City of Glenview, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, 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 conjunction with this report.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and page 19, respectively, are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. 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 this information and express no opinion on it.

McIntyre + Woodbridge PSC

Louisville, Kentucky
December 19, 2011

CITY OF GLENVIEW
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011

The management's discussion and analysis of the City of Glenview (the "City") financial statements provides an overview of the City's financial activities for the fiscal year ended June 30, 2011 and should be read in conjunction with the City's financial statements, which begin on Page 6.

Financial Highlights

The financial statements included in this report provide insight into the financial status of the City for the year ending June 30, 2011. The total net assets of the City increased \$93,422 and the unassigned general fund balance increased by \$67,253. The major revenue sources continue to be property taxes and insurance premium taxes. As a small city, we are required to have an independent audit of our financial statements every two years.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the City of Glenview's basic financial statements. These statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements are designed to provide readers with a broad overview of the City of Glenview's finances, in a manner similar to a private-sector business. The government-wide financial statements consist of a statement of net assets, and a statement of activities.

The statement of net assets presents information on all of the City of Glenview assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Glenview is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues. The City of Glenview's activities include administration, law enforcement, public works and sanitation. The government-wide financial statements can be found on pages 6-7 of this report.

Fund financial statements are a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The

CITY OF GLENVIEW
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011

City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The basic government fund financial statements can be found on pages 8-9 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-18 of this report.

Government-wide Financial Analysis

Comparative Condensed Statement of Net Assets:

	FYE'11	FYE'10	Increase
	<u>Amount</u>	<u>Amount</u>	<u>(Decrease)</u>
Cash and cash equivalents	\$396,707	\$315,178	\$ 81,529
Receivables	25,671	36,816	(11,145)
Capital assets, net	<u>196,285</u>	<u>169,450</u>	<u>26,835</u>
Total Assets	<u>\$618,663</u>	<u>\$521,444</u>	<u>\$ 97,219</u>
Accounts payable	\$ 4,105	\$ 328	\$ 3,777
Total Liabilities	4,105	328	3,777
Investment in capital assets	196,285	169,450	26,835
Restricted for roads	1,552	--	1,552
Unrestricted	<u>416,721</u>	<u>351,666</u>	<u>65,055</u>
Total Net Assets	<u>\$614,558</u>	<u>\$521,116</u>	<u>\$93,442</u>

The Statement of Net Assets as of June 30, 2011 shows that the City of Glenview has assets of \$618,663 with liabilities of \$4,105. Of the \$618,663 total assets, \$196,285 is comprised of capital assets, net of depreciation and \$25,671 of receivables.

Following is a comparative statement of activities:

	FYE'11	FYE'10	Increase
	<u>Amount</u>	<u>Amount</u>	<u>(Decrease)</u>
REVENUES			
Property taxes	\$270,854	\$271,495	\$ (641)
Franchise fees	5,451	5,451	-
Insurance premium taxes	83,104	80,409	2,695
Municipal aid	12,735	13,298	(563)
Project grant	11,800	-	11,800
Interest income	3,294	4,656	(1,362)
Other income	<u>5,295</u>	<u>20,609</u>	<u>(15,314)</u>
Total Revenues	<u>\$392,533</u>	<u>\$395,918</u>	<u>\$ (3,385)</u>

CITY OF GLENVIEW
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011

EXPENDITURES	<u>FYE '11</u>	<u>FYE '10</u>	Increase (Decrease)
General government	\$ 77,461	\$ 75,637	\$ 1,824
Public safety	16,832	6,921	9,911
Public service	86,958	105,130	(18,172)
Sanitation	<u>117,840</u>	<u>117,600</u>	<u>240</u>
Total Expenditures	<u>\$299,091</u>	<u>\$305,288</u>	<u>\$(6,197)</u>
Net Change in Fund Balance	<u>\$ 93,442</u>	<u>\$ 90,630</u>	<u>\$ 2,812</u>

Revenues decreased by \$3,385 from 2011 over 2010 and expenditures decreased by \$6,197 for the same period.

Notes to the Financial Statements

The notes include much useful information and data. Note 1 states the significant accounting policies used by the City. As stated in Note 1, the assessed value of property in Glenview as of January 1, 2010 was \$215,665,240. The property tax rate for fiscal year ended June 30, 2011 remained at 0.13 per \$100 of assessed value. As of January 1, 2009, the assessed value was \$215,810,190 and the tax rate was 0.13 per \$100 of assessed value. The assessed value decreased by \$144,950 as determined the Jefferson County Property Valuation Administrator. Note 2 contains information regarding cash and cash equivalents.

Supplementary Information

Budgetary comparison for the year ended June 30, 2011 is shown on page 19. This schedule shows the original budget as approved and was not amended. All revenues exceeded budget amounts and all expenditures came in under budget except for \$683 in the road fund expenditures which was due to the revenue increase and since Glenview expends all revenue received this minor over budget expenditure occurred.

Summary

The current financial statement reporting model is mandated by the Governmental Accounting Standards Board (GASB). The City implemented these changes in 2005.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's financial position and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, please contact the City Administrator/Clerk, Kacy DeVore, City of Glenview, General Delivery, Glenview, KY 40025.

CITY OF GLENVIEW, KENTUCKY
STATEMENT OF NET ASSETS
JUNE 30, 2011

ASSETS

Current Assets

Cash and cash equivalents	\$ 396,707
Municipal aid receivable	1,552
Insurance premium taxes receivable	<u>24,119</u>
Total Current Assets	422,378

Capital assets, net of accumulated depreciation of \$80,118	<u>196,285</u>
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TOTAL ASSETS	618,663
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LIABILITIES

Current Liabilities

Accounts payable	<u>4,105</u>
Total Current Liabilities	<u>4,105</u>

NET ASSETS

Investment in capital assets	196,285
Restricted for roads	1,552
Unrestricted	<u>416,721</u>

TOTAL NET ASSETS	<u>\$ 614,558</u>
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The accompanying notes are an integral part of these financial statements.

**CITY OF GLENVIEW, KENTUCKY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

	EXPENSES	PROGRAM REVENUES		NET (EXPENSES) AND REVENUES AND CHANGES IN NET ASSETS
		OPERATING GRANTS	CAPITAL GRANTS	GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES:				
General government	\$ (77,461)	\$ -	\$ -	\$ (77,461)
Public safety	(16,832)			(16,832)
Public works	(86,958)	12,735	11,800	(62,423)
Sanitation	<u>(117,840)</u>	<u>-</u>	<u>-</u>	<u>(117,840)</u>
Total Governmental Activities	<u>\$ (299,091)</u>	<u>\$ 12,735</u>	<u>\$ 11,800</u>	(274,556)
GENERAL REVENUES				
Taxes:				
Property taxes levied for general purposes				270,854
Insurance premium taxes				83,104
Franchise fees				5,451
Interest income				3,294
Other income				<u>5,295</u>
Total General Revenues				<u>367,998</u>
CHANGE IN NET ASSETS				93,442
NET ASSETS, BEGINNING OF YEAR				<u>521,116</u>
NET ASSETS, END OF YEAR				<u>\$ 614,558</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GLENVIEW, KENTUCKY
BALANCE SHEET - GOVERNMENTAL FUNDS AND
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

	GENERAL FUND	ROAD FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents	\$ 396,706	\$ -	\$ 396,706
Property taxes receivable	-		-
Municipal aid receivable		1,552	1,552
Insurance premium taxes receivable	24,120	-	24,120
TOTAL ASSETS	\$ 420,826	\$ 1,552	\$ 422,378
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 4,105	\$ -	\$ 4,105
TOTAL LIABILITIES	4,105	-	4,105
FUND BALANCES			
Unassigned	416,721		416,721
Restricted	-	1,552	1,552
TOTAL FUND BALANCES	416,721	1,552	418,273
TOTAL LIABILITIES AND FUND BALANCES	\$ 420,826	\$ 1,552	\$ 422,378
TOTAL GOVERNMENTAL FUND BALANCES			\$ 418,273
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. This is the amount by which capital assets exceeded depreciation			
			196,285
NET ASSETS			\$ 614,558

The accompanying notes are an integral part of these financial statements.

CITY OF GLENVIEW, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>GENERAL FUND</u>	<u>ROAD FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES			
Property taxes, including interest and penalties	\$ 273,052	\$	\$ 273,052
Franchise fees	5,451		5,451
Insurance premium taxes	83,104		83,104
Municipal aid		12,735	12,735
Interest income	3,294		3,294
Project grant	11,800		11,800
Other income	<u>5,295</u>	<u>-</u>	<u>5,295</u>
Total Revenues	381,996	12,735	394,731
EXPENDITURES			
General government	76,861		76,861
Public safety	16,832		16,832
Public works	103,210	11,183	114,393
Sanitation	<u>117,840</u>	<u>-</u>	<u>117,840</u>
Total Expenditures	<u>314,743</u>	<u>11,183</u>	<u>325,926</u>
NET CHANGE IN FUND BALANCES	67,253	1,552	68,805
FUND BALANCES, Beginning of year	<u>349,468</u>	<u>-</u>	<u>349,468</u>
FUND BALANCES, End of year	<u>\$ 416,721</u>	<u>\$ 1,552</u>	<u>\$ 418,273</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF GLENVIEW, KENTUCKY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Net change in fund balances-total governmental funds	\$ 68,805
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Amounts reported for governmental activities in the statement of activities are different because:

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

This is the amount by which capital outlays exceeded depreciation in the current period.	26,835
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

This is the amount of the difference in the change in accounts receivable from the two methods of accounting.	<u>(2,198)</u>
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Change in net assets as reflected on Statement of Activities	<u>\$ 93,442</u>
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The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Glenview, Kentucky have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the City are described below.

Financial Reporting Entity

The City operates under a Mayor-Commission form of government and provides the following services as authorized by its charter: streets and public works, sanitation, public safety and general administrative services. The City is a 6th Class City as defined by Kentucky statute.

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Assets and Statement of Activities reflect financial information of the City as a whole. These statements include the primary government and its component units if applicable. Government-wide statements distinguish between governmental and business-type activities. Currently, the City does not engage in any business-type, inter-governmental revenues, and other non-exchange revenues type activities.

The statement of activities presents direct expenses which are clearly identifiable with a specific function or segment. Taxes and other revenue items are reported as general revenues.

Fund Financial Statements

The City uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions relating to certain government functions or activities. A fund is a separate entity with a self-balancing set of accounts. Funds of the City are classified as governmental, which account for all or most of the City's general activities including the collection of legally restricted monies, administrative expense and the acquisition or construction of capital assets.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

The government reports the following funds of the financial reporting entity: The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund. The *road fund* is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The City accounts for Kentucky municipal aid receipts in this fund. The municipal aid fund is restricted to road construction, repairs and maintenance.

The City considers all of its funds to be major funds.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues are recognized in the year for which they are due. This method differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds. Expenses are classified by function.

The government-wide Statement of Activities presents a comparison between expenses and program revenues for the activities of the City and for each governmental program. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when they are "measurable and available". Measurable means the amount can be determined.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Available means collectible within the period or soon enough thereafter to pay current liabilities. The City considers government fund revenues as available if they are collected within 60 to 90 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for general obligation debt and interest which are reported as expenditures in the year due.

Budgetary Accounting

The budget information reflected in the financial statements is the annual budget adopted by the City in accordance with the provisions of Kentucky law. It is presented to the Commission in the form of an ordinance and may be amended by subsequent ordinance or by municipal order. The budget is prepared on a basis consistent with the modified accrual basis of accounting utilized in the government fund financial statements.

Budgetary Comparison Schedules

As required by generally accepted governmental accounting principles, this statement has been prepared in the same form as the legally adopted budget; therefore its form varies somewhat from the statement of revenues, expenditures and changes in fund balances on page 9.

Cash and Concentrations of Credit Risk

Cash and cash equivalents includes amounts deposited in a checking account and a money market account. For purposes of these financial statements, the City considers as cash equivalents all highly liquid investments with a maturity of three months or less when purchased and are readily convertible to cash.

Generally, the City's investing activities are managed under the custody of the City Mayor. Investing is performed in accordance with investment policies complying with state statutes and the City Charter. City funds may be invested in: (1) obligations of the United States and its agencies and instrumentalities, (2) obligations of any corporation of the United States government, (3) certificates of deposits in institutions insured by the Federal Deposit Insurance Corporation, and (4) bonds or certificates of indebtedness of the Commonwealth of Kentucky.

The City maintains its deposits with banks insured by the Federal Deposit Insurance Corporation (FDIC). FDIC insures balances up to \$250,000.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Property Taxes Receivable and Property Tax Calendar

Delinquent property taxes are recorded in property taxes receivable in the general fund.

Property taxes are levied on the assessed value of qualifying property as of the preceding January 1 for all real property located in the City. The property tax bills are mailed to property owners in July (the first month of the fiscal year). For the year ended June 30, 2011, the City assessed a tax to finance general fund operations amounting to \$.13 per \$100 of assessed valuation for real property. The total assessed value of the tax roll on January 1, 2010, upon which the levy for the June 30, 2011 fiscal year was based, amounted to \$215,665,240 resulting in gross taxes of \$280,365.

Property taxes are due as follows:

September 30 and before	- gross less discount of 5%
October 1 to December 31	- gross amount
After December 31	- gross plus penalty of 10% plus interest at 1.5% per month compounded monthly

Currently, the City does not have a policy which sets a date for filing liens on delinquent taxes. Property tax revenues as reflected in these financial statements, includes applicable penalties and interest.

Insurance Premium Taxes

The City's tax rate assessed on insurance premiums is 5%.

Capital Assets

The accounting and reporting treatment applied to capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental fund statements and capitalized (recorded and accounted for) in the government-wide statement of net assets.

Effective for the year ended June 30, 2004, the City implemented GASB Statement Number 34. One of the requirements of GASB 34 is to capitalize and depreciate infrastructure expenditures and other capital assets (See Note 3). The City elected to implement this standard prospectively, as it related to the capitalization of infrastructure expenditures. The valuation basis for general capital assets are historical costs, or where

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

historical cost is not available, estimated historical cost based on replacement cost. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet.

The estimated useful life of various classes of capital assets are as follow:

Infrastructure including roads and bridges	15 to 25 years
Leasehold improvements	15 years
Street signs	15 years

Fund Equity

Net assets is the difference between assets and liabilities. Net assets are restricted when constraints are placed on net asset use either externally imposed by creditors, grantors or contributors or regulations of governments, or imposed by law.

The City's policy is to use restricted assets according to budgeted amounts.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes for governmental fund financial statements.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. *Nonspendable*, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Commissioners,
4. *Assigned* fund balance classification is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

5. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Expenditures/Expenses

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

In the fund financial statements, governmental funds are classified by character and function. In the fund financial statements governmental funds report expenditures of financial resources.

Fair Value of Financial Investments

The carrying amount of cash, receivables, short-term investments and payables approximates their fair market values as of June 30, 2011.

Use Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires City's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of the following at June 30, 2011:

Bank checking account with interest at .25% per annum	\$148,658
Bank checking account with interest at 1.00% per annum	<u>248,049</u>
Total	<u>\$396,706</u>

CITY OF GLENVIEW, KENTUCKY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2011

Interest Rate Risk – The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing rates.

Credit Risk – Kentucky Revised Statutes (KRS) limits investments to obligations of the United States Government, obligations backed by the full faith and credit of the United States Government, obligations of any corporation or agency of the United States Government, certificates of deposits, commercial paper, bonds or securities issued by a state or local government and shares of mutual funds. The City has no investment policy that would further limit its investment choices as they are defined in KRS.

Concentration of Credit Risk – The city places no limit on the amount the City may invest in any one issuer.

NOTE 3 – CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended June 30, 2011, consists of the following:

	Balance	2011	Balance
	<u>6-30-10</u>	<u>Additions</u>	<u>6-30-11</u>
Road and bridge improvements	\$172,014	\$ 42,129	\$214,143
Entrance improvements	28,500		28,500
Street signs	24,754		24,754
Post office	<u>9,006</u>	<u>-</u>	<u>9,006</u>
	234,274	42,129	276,403
Accumulated depreciation	<u>(64,824)</u>	<u>(15,294)</u>	<u>(80,118)</u>
 Total Capital Assets, Net	 <u>\$169,450</u>	 <u>\$ 26,835</u>	 <u>\$196,285</u>

Depreciation for the year ended June 30, 2011 was charged to function in the Statement of Activities as follows:

General government	\$ 600
Public works	<u>14,694</u>
 Total	 <u>\$15,294</u>

NOTE 4– RISK MANAGEMENT

The City is subject to normal insurance risks as other cities of its size. The City carries general liability, worker’s compensation and errors and omissions coverage. The City has not had any significant reduction in coverage in the past year.

NOTE 5 – POST OFFICE RENT

The City has an annual operating lease with a resident for space in a building which it subleases to the United States Postal Service for an indefinite period. The City leases the space for \$1 per year from the resident of the City and subleases the space to the Postal Service for \$3,750 per year. Rent revenue was \$3,750 for the year ended June 30, 2011 and is included in other income in the financial statements.

In addition, the City is responsible for maintenance and insurance. During 2011, the City incurred maintenance costs on the post office facility of \$1,420.

On August 15, 2008 the City renewed its sublease agreement with the Postal Service obligating the Postal Service to pay the City an annual rental of \$3,750 payable in monthly installments beginning February 2009 and ending January 2014.

NOTE 6 – CONDUIT DEBT OBLIGATION

In 2009 the City issued Kentucky Educational Development Improvement and Refunding Revenue Bonds (Chance School Project) Series 2009 in the amount of \$700,000. The purpose of the bonds is for paying the cost of construction, renovation, improvement, and equipping of an educational development project to be owned by the Chance School and the current refunding of the previously issued Series 1995 City revenue bonds. The amount of \$239,242 of the \$700,000 bond proceeds was used to redeem the Series 1995 bonds.

The 2009 bonds are secured by School property and revenues and are payable solely by the School. Neither the City, the State or any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the financial statements. As of June 30, 2011, there were approximately \$658,004 of Educational Development Revenue Bonds outstanding.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Presently, there is no known litigation nor any asserted legal claims against the City.

As of June 30, 2011, the City has one year remaining on a two year contract with its sanitation service provider requiring monthly payments of \$9,840 through June 30, 2012.

NOTE 8 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 19, 2011, which is the date the financial statements were available to be issued.

**CITY OF GLENVIEW, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
RESOURCES AVAILABLE			
Fund Balance Carried Forward	\$ 252,000	\$ 349,468	\$ 97,468
REVENUES			
General Fund:			
Property taxes	260,000	273,052	13,052
Insurance premium taxes	60,000	83,104	23,104
Cable franchise fees	5,000	5,451	451
Post office rent	3,750	3,750	-
Interest income	3,000	3,294	294
Other income	540	13,345	12,805
Road fund:			
Road fund	<u>10,500</u>	<u>12,735</u>	<u>2,235</u>
Total Estimated Revenues	<u>342,790</u>	<u>394,731</u>	<u>51,941</u>
TOTAL RESOURCES AVAILABLE	594,790	744,199	149,409
EXPENDITURES			
General Fund:			
General government	80,000	76,861	3,139
Public works and police	134,290	120,042	14,248
Sanitation	118,000	117,840	160
Road Fund:			
Road fund	<u>10,500</u>	<u>11,183</u>	<u>(683)</u>
Total Expenditures	<u>342,790</u>	<u>325,926</u>	<u>16,864</u>
FUND BALANCE AT END OF YEAR	<u>\$ 252,000</u>	<u>\$ 418,273</u>	<u>\$ 166,273</u>

REQUIRED SUPPLEMENTARY INFORMATION

McIntyre & Wooldridge, PSC
Certified Public Accountants

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Louisville, Kentucky 40220
502/493-9373 or 493-9374 (fax)

John M. McIntyre, CPA

Paula E. Wooldridge, CPA

The Honorable Mayor and
Commissioners of the City
Of Glenview, Kentucky

**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***

We have audited the financial statements of the governmental activities and major funds as of and for the year ended June 30, 2011, which collectively comprise the City of Glenview's (the City) basic financial statements and have issued our report thereon dated December 19, 2011. 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 the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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* and are described in the accompanying schedule of findings.

We noted certain matters that we reported to management of the City in a separate letter dated December 19, 2011.

This report is intended solely for the information and use of the City's management, the City Mayor and the Commission and others within the City and is not intended to be and should not be used by anyone other than these specified parties.

McIntyre + Woodridge PSC

Louisville, Kentucky
December 19, 2011

**CITY OF GLENVIEW, KENTUCKY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

Finding 2011-1

We noted that \$8,922 of property tax revenues received in July 2010 were incorrectly posted to insurance premium tax accounts receivable at June 30, 2010, thereby causing underreported property tax revenues for the year ended June 30, 2011 of the same amount. The beginning fund balance and the current year property tax revenues were subsequently corrected via audit adjusting journal entry.

Recommendation (Finding 2011-1)

We recommend that more care be exercised in posting revenue transactions and that management employ more detailed analytical review procedures to the City's financial statements to ensure that all revenues are properly accounted for.

Management's Response (Finding 2011-1)

City management will implement the aforementioned recommendations with regard to the accounting for revenue transactions.