

CITY OF GLENVIEW, KENTUCKY

ANNUAL FINANCIAL REPORT

JUNE 30, 2007

CITY OF GLENVIEW, KENTUCKY
TABLE OF CONTENTS
June 30, 2007

	PAGE
INDEPENDENT AUDITOR'S REPORT	1-2
REQUIRED SUPPLEMENTARY INFORMATION:	
Management's Discussion and Analysis	3-5
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Assets	6
Statement of Activities	7
Fund Financial Statements:	
Balance Sheet-Governmental Funds and Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	8
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	9
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
NOTES TO THE FINANCIAL STATEMENTS	11-19
Required Supplementary Information:	
Budgetary Comparison Schedule	20
REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	21-24

McIntyre & Wooldridge, PSC
Certified Public Accountants

3103 Breckenridge Lane, Suite 3
Louisville, Kentucky 40220
502/493-9373 or 493-9374 (fax)

John M. McIntyre, CPA

Paula E. Wooldridge, CPA

January 9, 2008

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 of the City of Glenview, Kentucky, (the City) as of June 30, 2007, 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's management. Our responsibility is to express an opinion 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 City of Glenview, Kentucky, as of June 30, 2007, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 9, 2008 on our consideration of the City's internal control over financial reporting and on 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 our audit. The Management's Discussion and Analysis and Budgetary Comparison information on pages 3 through 5 and 20, 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 supplemental information. However, we did not audit this information and express no opinion on it.

McDutty + Woodbridge PSC

MANGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2007

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, 2007 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, 2007. The total net assets of the City increased \$23,376 but the unrestricted fund balance decreased by \$19,467. This was due to capital expenditures for entrance and road improvements. The major revenue sources continue to be property taxes and insurance premium taxes. As a small city, we are required to audit 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 5-6 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 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 11-19 of this report.

Government-wide Financial Analysis

	FYE'07 <u>Amount</u>	FYE'06 <u>Amount</u>	Increase <u>(Decrease)</u>
Cash and cash equivalents	\$ 35,200	\$ 2,476	\$32,724
Receivables and prepaid expenses	12,750	13,938	(1,188)
Short term investments	140,000	168,855	(28,855)
Capital assets, net	<u>202,131</u>	<u>159,288</u>	<u>42,843</u>
Total Assets	<u>\$390,081</u>	<u>\$344,557</u>	<u>\$45,524</u>
Accounts payable	\$ 4,755	\$15,331	\$(10,576)
Deferred property tax	<u>32,724</u>	<u>-</u>	<u>32,724</u>
Total Liabilities	<u>\$37,479</u>	<u>\$15,331</u>	<u>\$22,148</u>
Investment in capital assets	202,131	159,288	42,843
Unrestricted	<u>150,471</u>	<u>169,938</u>	<u>(19,467)</u>
Total Net Assets	<u>\$352,602</u>	<u>\$329,226</u>	<u>\$23,376</u>

The statement of Net Assets shows that the City of Glenview has assets of \$390,081 with liabilities of \$37,479. Of the \$390,081 total assets, \$202,131 is comprised of capital assets, net of depreciation. During fiscal year 2007, the total capital assets, net of depreciation increased by \$42,843 or 27%. This increase was primarily due to entrance and road improvements.

Following is a comparative statement of activities.

	FYE'07 <u>Amount</u>	FYE'06 <u>Amount</u>	Increase <u>(Decrease)</u>
REVENUES			
Property taxes	\$247,471	\$202,097	\$45,374
Franchise fees	5,451	7,000	(1,549)
Insurance premium taxes	55,960	51,637	4,323
Municipal aid	16,040	9,032	7,008

Interest income	5,049	5,995	(946)
Other income	<u>4,389</u>	<u>3,657</u>	<u>732</u>
Total Revenues	<u>\$334,360</u>	<u>\$279,418</u>	<u>\$54,942</u>
EXPENDITURES			
General government	\$ 74,690	\$ 56,633	\$18,057
Public safety	15,150	14,554	596
Public service	149,327	110,738	38,589
Sanitation	<u>114,660</u>	<u>76,234</u>	<u>38,426</u>
Total Expenditures	<u>\$353,827</u>	<u>\$258,159</u>	<u>\$95,668</u>
Net Change in Fund Balance	<u>\$(19,467)</u>	<u>\$ 21,259</u>	<u>\$(40,726)</u>

Revenues increased by \$54,942 from 2007 over 2006 however expenditures increased by \$95,668 for the same period. Significant increase in sanitation and capital improvements caused the increase in expenditures.

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, 2007 was \$197,907,750. The property tax rate for fiscal year 2007 was 0.13 per \$100 assessed valuation. In 2006, the assessed value was \$177,643,930 and the tax rate was 0.13 per \$100 assessed valuation. The assessed value increased of 11% by the Property Valuation Administrator which included some new construction. Note 2 contains information regarding cash and cash equivalents, and Note 3 contains information regarding short term investments.

Supplementary Information

Budgetary comparison for the year ended June 30, 2007 is shown on page 20. This schedule shows the original budget as approved and was not amended.

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 Clerk, Kacy White, City of Glenview, General Delivery, Glenview, KY 40025.

CITY OF GLENVIEW, KENTUCKY
STATEMENT OF NET ASSETS
JUNE 30, 2007

ASSETS	
Current Assets	
Cash and cash equivalents	\$ 35,200
Property taxes receivable	-
Municipal aid receivable	689
Insurance premium taxes receivable	12,061
Short term investments	<u>140,000</u>
Total Current Assets	187,950
Capital assets, net of accumulated depreciation of \$26,033	<u>202,131</u>
TOTAL ASSETS	390,081
LIABILITIES	
Current Liabilities	
Accounts payable	4,755
Deferred property tax revenues	<u>32,724</u>
Total Current Liabilities	<u>37,479</u>
NET ASSETS	
Investment in capital assets	202,131
Restricted for roads	-
Unrestricted	<u>150,471</u>
TOTAL NET ASSETS	<u>\$ 352,602</u>

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

CITY OF GLENVIEW, KENTUCKY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

	EXPENSES	PROGRAM REVENUES OPERATING GRANTS	NET (EXPENSES) AND REVENUES AND CHANGES IN NET ASSETS GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT			
GOVERNMENTAL ACTIVITIES:			
General government	\$ (75,290)	\$ -	\$ (75,290)
Public safety	(15,150)		(15,150)
Public services	(105,884)	16,040	(89,844)
Sanitation	<u>(114,660)</u>	<u>-</u>	<u>(114,660)</u>
Total Governmental Activities	(310,984)	16,040	(294,944)
GENERAL REVENUES			
Taxes:			
Property taxes levied for general purposes			247,471
Insurance premium taxes			55,960
Franchise fees			5,451
Interest income			5,049
Other income			<u>4,389</u>
Total General Revenues			<u>318,320</u>
CHANGE IN NET ASSETS			23,376
NET ASSETS, BEGINNING OF YEAR			<u>329,226</u>
NET ASSETS, END OF YEAR			<u>\$ 352,602</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, 2007

	GENERAL FUND	ROAD FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents	\$ 35,200	\$	\$ 35,200
Property taxes receivable	-		-
Municipal aid receivable	689		689
Insurance premium taxes receivable	12,061		12,061
Short term investments	140,000	-	140,000
TOTAL ASSETS	\$ 187,950	\$ -	\$ 187,950
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 4,755		\$ 4,755
Deferred property tax revenue	32,724	-	32,724
TOTAL LIABILITIES	37,479	-	37,479
FUND BALANCES			
Unreserved, general fund	150,471		150,471
Reserved, road fund	-	-	-
TOTAL FUND BALANCES	150,471	-	150,471
TOTAL LIABILITIES AND FUND BALANCES	\$ 187,950	\$ -	\$ 187,950
TOTAL GOVERNMENTAL FUND BALANCES			\$ 150,471
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 outlays exceeded depreciation			202,131
NET ASSETS			\$ 352,602

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, 2007

	GENERAL FUND	ROAD FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Property taxes, including interest and penalties	\$ 247,471	\$	\$ 247,471
Franchise fees	5,451		5,451
Insurance premium taxes	55,960		55,960
Municipal aid		16,040	16,040
Interest income	5,049		5,049
Other income	4,389	-	4,389
Total Revenues	318,320	16,040	334,360
EXPENDITURES			
General government	74,690		74,690
Public safety	15,150		15,150
Public service	133,287	16,040	149,327
Sanitation	114,660	-	114,660
Total Expenditures	337,787	16,040	353,827
NET CHANGE IN FUND BALANCES	(19,467)	-	(19,467)
FUND BALANCES, Beginning of year	169,938	-	169,938
FUND BALANCES, End of year	\$ 150,471	\$ -	\$ 150,471

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, 2007

Net change in fund balances-total governmental funds \$ (19,467)

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

42,843

Net change in net assets as reflected on Statement of Activities \$ 23,376

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

CITY OF GLENVIEW, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

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.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures in the funds financial statements.

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.

CITY OF GLENVIEW, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

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

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.

CITY OF GLENVIEW, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

**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 budgeted 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 10.

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.

CITY OF GLENVIEW, KENTUCKY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 (CONTINUED)

Cash (Continued)

The City maintains its deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). FDIC insures balances up to \$100,000. Occasionally the City maintains balances that exceed \$100,000. The deposit balances in excess of FDIC coverage are currently not collateralized by securities pledged by the bank.

Property Taxes Receivable and Property Tax Calendar

Property taxes receivable are recorded in the general fund and represent delinquent taxes and accrued penalties and interest.

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, 2007, 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, 2006, upon which the levy for the June 30, 2007 fiscal year was based, amounted to \$197,907,750 resulting in gross taxes of \$257,280.

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.

Insurance Premium Taxes

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

**CITY OF GLENVIEW, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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

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 8). 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 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 invested in capital assets, net of related debt are capital assets, less accumulated depreciation.

In the fund financial statements, government funds report reservation of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

CITY OF GLENVIEW, KENTUCKY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 (CONTINUED)

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, and payables approximates their fair market values as of June 30, 2007.

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, 2007:

General Fund bank checking with interest at .47% per annum	\$31,474
Raymond James Heritage Cash Trust money market account with interest at 4.71% per annum	<u>3,726</u>
Total	<u>\$35,200</u>

CITY OF GLENVIEW, KENTUCKY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2007

NOTE 3 – SHORT TERM INVESTMENTS

Short term investments consist of the following invested with Raymond James Brokerage at June 30, 2007:

	<u>Acquired</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Certificate of deposit The East Carolina Bank	February 2004	February 2008	3.20%	\$ 10,000
Certificate of deposit First Federal Bank of California	October 2006	October 2007	5.10%	50,000
Certificate of deposit Greer State Bank	October 2005	October 2008	4.40%	70,000
Certificate of deposit Providian National Bank	May 2004	May 2008	4.00%	<u>10,000</u>
Total				<u>\$140,000</u>

The above certificates of deposit were covered by FDIC at June 30, 2007. The certificates of deposit are reported at cost which approximates market value.

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.

CITY OF GLENVIEW, KENTUCKY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2007

NOTE 4 – CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended June 30, 2007, consists of the following:

	Balance <u>6-30-06</u>	2007 <u>Additions</u>	Balance <u>6-30-07</u>
Road and bridge improvements	\$ 139,334	\$26,570	\$165,904
Entrance improvements		28,500	28,500
Street signs	24,754		24,754
Post office	<u>9,006</u>	<u>-</u>	<u>9,006</u>
	173,094	55,070	228,164
Accumulated depreciation	<u>(13,806)</u>	<u>(12,227)</u>	<u>(26,033)</u>
Total Capital Assets, Net	<u>\$159,288</u>	<u>\$42,843</u>	<u>\$202,131</u>

Depreciation for the year ended June 30, 2007 was charged to function in the Statement of Activities as follows:

General government	\$ 600
Public services	<u>11,627</u>
Total	<u>\$12,227</u>

NOTE 5– 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 6 – 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 \$3,600 per year. Rent revenue was \$3,600 for the year ended June 30, 2007.

CITY OF GLENVIEW, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 6 – POST OFFICE RENT (CONTINUED)

In addition, the City is responsible for utilities, maintenance and insurance. During 2007, the City incurred maintenance costs on the post office facility of \$2,182. An amendment to the lease, dated December 12, 2000, states that the City is also required to reimburse the resident for property taxes paid by the resident on the facility which approximates \$400 annually.

On August 15, 2007 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 7 – CONDUIT DEBT OBLIGATIONS

In 1995, the City issued Economic Development Revenue Bonds in the amount of \$500,000 to provide financial assistance to the Chance School (the "School") for purposes deemed in the public interest. The bonds are secured by School property and revenues and are payable solely by the School. Neither the City, the State nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the financial statements.

As of June 30, 2007, there were \$305,000 of Economic Development Revenue Bonds outstanding.

NOTE 8 – ADOPTION OF ACCOUNTING STANDARDS

In June 1999, The Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. As required, the City implemented the provision of this statement for the year ended June 30, 2004. Certain significant changes in the statements include the following:

- A management discussion and analysis (MD&A) section providing an analysis of the City's overall financial position and results of operation.
- Financial statements prepared using full accrual accounting for all of the City's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements, including notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GLENVIEW, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2007

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES			
Property taxes	\$ 245,500	\$ 247,471	\$ 1,971
Net discounts and penalties	1,000		(1,000)
Post office rent	3,600	3,600	-
Interest	190	5,049	4,859
Mineral funds	65	53	(12)
Litter abatement	687	736	49
Insurance premium taxes	45,000	55,960	10,960
Franchise fees	8,000	5,451	(2,549)
Municipal aid	9,151	16,040	6,889
Total Revenue	313,193	334,360	21,167
EXPENDITURES			
Reserve	1,493		1,493
Insurance	4,800	5,564	(764)
Landscape	700	446	254
Litter control	900	450	450
Maintenance - paving	52,000	47,570	4,430
Maintenance - tree removal/landscape	40,000	47,997	(7,997)
Maintenance - winter road care	20,000	18,434	1,566
Maintenance - infrastructure repair	11,000	34,430	(23,430)
Miscellaneous	1,000	2,781	(1,781)
Office and administration	5,000	7,067	(2,067)
City manager/clerk	29,200	28,988	212
Police	14,400	15,150	(750)
Professional fees	12,000	18,049	(6,049)
Sanitation	110,000	114,660	(4,660)
Tax exempt refuel	200		200
Tax collection	9,000	10,043	(1,043)
Post office maintenance	1,500	2,198	(698)
Total Expenditures	313,193	353,827	(40,634)
NET CHANGE IN FUND BALANCE	\$ -	\$ (19,467)	\$ (19,467)

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

McIntyre & Wooldridge, PSC
Certified Public Accountants

3103 Breckenridge Lane, Suite 3
Louisville, Kentucky 40220
502/493-9373 or 493-9374 (fax)

John M. McIntyre, CPA

Paula E. Wooldridge, CPA

January 9, 2008

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

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the City of Glenview, Kentucky as of and for the years ended June 30, 2007, and have issued our report thereon dated January 9, 2008. 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 of 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.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

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 instances of non-compliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of finding and responses.

We noted certain matters that we reported to management of the City in a separate letter dated January 9, 2008.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the City's responses and accordingly, we express no opinion on them.

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

McIntyre + Woodbridge PSC

CITY OF GLENVIEW, KENTUCKY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007

Significant Deficiencies in Internal Control Over Financial Reporting

Finding 2007-1

There is not a proper segregation of accounting functions regarding the receipt and depositing of revenue receipts relating to insurance premium taxes.

We recommend the City consider one of the following recommendations to enhance the accountability of receipts relating to an insurance premium tax receipts.

- 1) Set up a lock box arrangement with its bank to ensure that all receipts are deposited intact and on a timely basis; or
- 2) Require the individual who obtains and opens the mail to judgmentally select a particular quarter and list the insurance premium tax receipts before forwarding the receipts to the Clerk for preparation of the deposit tickets. The aforementioned individual would have the ability to review the detailed deposit tickets after the bank deposit to ensure that all receipts were deposited intact and on a timely basis.

Management's Response to Finding 2007-1

City management will implement recommendation item number 2 immediately.

Instances of Non-compliance with Laws

Finding 2007-2

In June 2006, the City levied a tax rate for the year ended June 30, 2007 which exceeded the compensating tax rate and did comply with the KRS requirements.

Management's Response to Finding 2007-2

The City will evaluate its course of action.

Finding 2007-3

The City's actual expenditures exceeded budgeted amounts for several expenditure categories for the year ended June 30, 2007. The aforementioned budget expenditures which are reflected on page 20 were obtained from the City's budget ordinance enacted in June 2006.

Management's Response to Finding 2007-3

City management will more closely monitor the City's expenditures beginning with the year ending June, 2008 and will appropriately amend the budget if necessary.

Finding 2007-4

The City's cash deposit balances in excess of FDIC coverage are presently not collateralized by securities pledged by the bank in the City's name as required by KRS.

Management's Response to Finding 2007-4

The City is in the process of obtaining a collateralization agreement with its bank requiring the bank to pledge securities in the City's name on its cash deposits.

CITY OF GLENVIEW, KENTUCKY

MANAGEMENT LETTER

FOR THE YEAR ENDED

JUNE 30, 2007

McIntyre & Wooldridge, PSC
Certified Public Accountants

3103 Breckenridge Lane, Suite 3
Louisville, Kentucky 40220
502/493-9373 or 493-9374 (fax)

John M. McIntyre, CPA

Paula E. Wooldridge, CPA

January 9, 2008

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

Mayor and Commissioners:

In planning and performing our audit of the basic financial statements of the City of Glenview, Kentucky for the year ended June 30, 2007, we considered its internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The information contained in this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated January 9, 2008 on the basic financial statements and the report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with government auditing standards.

We have already discussed several of these comments and suggestions with various personnel of the City, and we will be pleased to discuss them in further detail at your convenience, to perform an additional study of these matters, or to assist in implementing the recommendations.

The City is required by KRS to submit three copies of the audit report and management letter to the Department of Local Government ten days after presentation. The audit report, the budgetary comparison schedules and information concerning contact information regarding audited financial statements, must be published in the primary local paper or provided to its citizens via first class mail.

Please note that we found the city personnel to be extremely cooperative in connection with our audit procedures and to be very open to all of our suggestions and comments.

We hope these comments will be of benefit to you. This letter is intended solely for the use of the management of the City of Glenview.

Respectfully submitted,

McIntyre + Wooldridge PSC

Internal Control System

We understand that the City Accountant currently submits the following to the Commission for review at the monthly meetings:

- Balance sheet at month-end
- Monthly statement of revenues and expenditures
- Year to date comparison of actual revenues and expenditures to that of budget
- Actual cash disbursements listing

We recommend that the City Accountant additionally submit the monthly bank reconciliations and monthly bank/broker statements for both the checking and investment accounts for Commission review. We recommend the City designate a Commissioner with a financial background to review the aforementioned documents to determine financial statements and bank data are properly reconciled and balanced. A brief review procedures checklist should be drafted and utilized to document the procedures performed and be initialed by the Commissioner as evidence that the review was performed. These documents should be attached to the checklist and retained as part of City records.

Compliance Matters

We would like to remind the City to obtain and retain affidavits of advertising for its budget and tax rate ordinances and the publishing of required components of its audited financial statements. If these items are published, the affidavit from the newspaper should be obtained. If the City opts to mail the aforementioned documents to its taxpayers, the individual responsible for mailing should complete and sign an affidavit as proof of mailing.

We noted the City is paying sales tax on purchases when it is exempt from sales tax.

We recommend the City present its sales tax exemption certificate when purchasing City items.

We noted that the City's budget in ordinance form reflects numerous expenditure line items. We also noted that several of these line item actual expenditures exceeded budgeted amounts during the year.

We recommend the City consider condensing its future budget ordinances to the following categories in an effort to assist in keeping actual expenditures in line with the budget:

- General government
- Sanitation
- Police and public safety
- Roads

The budget ordinance could be supported by a more detailed budget report that would reflect the present budget line items under each of the four summarized expenditure categories above.