

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council City of Fort Wright, 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 Fort Wright, Kentucky, as of, and for the year ended June 30, 2007, which collectively comprise the City of Fort Wright's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City of Fort Wright, Kentucky's, management. Our responsibility is to express an opinion on these basic 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, each major fund, and the aggregate remaining fund information of the City of Fort Wright, Kentucky, as of June 30, 2007, and the respective 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 December 13, 2007 on our consideration of the City of Fort Wright, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and required supplementary information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Fort Wright's basic financial statements. The other supplementary information listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

RANKIN, RANKIN, & COMPANY

**Fort Wright, Kentucky
December 13, 2007**

CITY OF FORT WRIGHT, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2007

	Required Supplementary Information			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Budgetary fund balance, July 1	\$ 1,764,617	\$ 1,847,684	\$ 1,847,684	\$ -
Resources (inflows):				
Taxes:	1,084,000	1,153,352	1,160,469	(7,117)
Licenses and permits	1,772,000	1,772,000	1,756,432	(15,568)
Intergovernmental	70,300	81,489	102,477	20,988
Charges for services	305,800	336,712	333,177	(3,535)
Fines and forfeitures	15,000	14,100	15,909	1,809
Uses of property	75,200	90,200	99,904	9,704
Miscellaneous	19,100	18,439	22,652	4,213
Transfers in	50,000	50,000	50,000	-
Amounts available for appropriation	<u>5,156,017</u>	<u>5,363,976</u>	<u>5,388,704</u>	<u>24,728</u>
Charges to appropriations (outflows)				
General government	425,363	454,154	451,654	2,500
Police	1,132,039	1,120,335	1,111,229	9,106
Fire/EMS	571,015	509,713	498,280	11,433
Public works	582,985	588,904	585,544	3,360
Plant/community projects	133,260	136,123	133,384	2,739
Debt Service	108,500	108,500	108,520	(20)
Transfers out	750,300	831,435	831,435	-
Total charges to appropriations	<u>3,703,462</u>	<u>3,749,164</u>	<u>3,720,046</u>	<u>29,118</u>
Budgetary fund balance, June 30	<u>\$ 1,452,555</u>	<u>\$ 1,614,812</u>	<u>\$ 1,668,658</u>	<u>\$ 53,846</u>

The basis of budgeting is the same as GAAP.

CITY OF FORT WRIGHT, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND-MUNICIPAL AID
For the Year Ended June 30, 2007

	Required Supplementary Information			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Budgetary fund balances, July 1	\$ 856,324	\$ 593,263	\$ 593,263	\$ -
Resources (inflows):				
Intergovernmental	470,000	449,211	347,858	(101,353)
Interest	23,430	28,000	33,734	5,734
Transfers from other funds	350,000	439,000	439,000	-
Amounts available for appropriation	<u>1,699,754</u>	<u>1,509,474</u>	<u>1,413,855</u>	<u>(95,619)</u>
Charges to appropriations (outflows):				
Current				
Administration	175	175	177	(2)
Public works	57,150	20,000	9,725	10,275
Capital outlay	1,635,000	1,420,187	935,367	484,820
Total	<u>1,692,325</u>	<u>1,440,362</u>	<u>945,269</u>	<u>495,093</u>
Budgetary fund balances, June 30	\$ <u><u>7,429</u></u>	\$ <u><u>69,112</u></u>	\$ <u><u>468,586</u></u>	\$ <u><u>399,474</u></u>

The basis of budgeting is the same as GAAP.

CITY OF FORT WRIGHT, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 587,207	\$ 578,288	\$ 578,288	\$ -
Resources (inflows):				
Interest	19,000	24,000	29,453	5,453
Grants and contributions	330,000	102,915	102,617	(298)
Charges for services	-	2,000	2,015	15
Other income	501,000	-	-	-
Transfers from other funds	350,000	350,000	350,000	-
Amounts available for appropriation	<u>1,787,207</u>	<u>1,057,203</u>	<u>1,062,373</u>	<u>5,170</u>
Charges to appropriations (outflows):				
Current				
Administration	200	200	1,346	(1,146)
Police	36,600	36,100	34,749	1,351
Public works	28,000	25,874	25,874	-
Plant/community projects	20,000	8,869	8,869	-
Capital outlay	1,148,400	119,316	125,314	(5,998)
Debt service	37,000	17,717	17,736	(19)
Total	<u>1,270,200</u>	<u>208,076</u>	<u>213,888</u>	<u>(5,812)</u>
Budgetary fund balances, June 30	\$ <u>517,007</u>	\$ <u>849,127</u>	\$ <u>848,485</u>	\$ <u>(642)</u>

The basis of budgeting is the same as GAAP.