



Van Gorder, Walker & Co., Inc.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and
Members of the Council
City of Elsmere, 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 Elsmere, Kentucky (City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Elsmere, Kentucky'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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Elsmere, Kentucky, as of June 30, 2012, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2013, on our consideration of the City of Elsmere, 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 on pages 3-7 and the budgetary comparison information on pages 24-26 is not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Elsmere, Kentucky's basic financial statements. The other supplementary information on pages 27-28, is presented for purposes of additional analysis and is 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.

Van Gorder, Walker & Co., Inc.

Van Gorder, Walker, & Co., Inc.
Erlanger, Kentucky
May 10, 2013

CITY OF ELSMERE, KENTUCKY
Balance Sheet - Governmental Funds
June 30, 2012

	General Fund	Street Tax Fund	Municipal Road Fund	Other Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,306,978	\$ 610,987	\$ 407,560	\$ 223,331	\$ 3,548,856
Investments	186,153	123,151	-	-	309,304
Receivables					
Taxes	530,919	29,206	-	-	560,125
Waste collection	56,009	-	-	-	56,009
Intergovernmental	23,600	-	-	-	23,600
Other	3,528	-	-	777	4,305
Notes receivable	-	-	-	8,640	8,640
Investment in joint venture	87,850	-	-	-	87,850
Due from other funds	68,063	-	4	-	68,067
TOTAL ASSETS	<u>\$ 3,263,100</u>	<u>\$ 763,344</u>	<u>\$ 407,564</u>	<u>\$ 232,748</u>	<u>\$ 4,666,756</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 56,420	\$ -	\$ -	\$ -	\$ 56,420
Accrued liabilities	57,342	-	-	-	57,342
Deferred revenue	155,328	29,206	-	8,640	193,174
Due to other funds	4	-	-	68,063	68,067
TOTAL LIABILITIES	<u>269,094</u>	<u>29,206</u>	<u>-</u>	<u>76,703</u>	<u>375,003</u>
FUND BALANCES					
Restricted	87,850	734,138	407,564	-	1,229,552
Committed	-	-	-	156,045	156,045
Assigned	1,459,343	-	-	-	1,459,343
Unassigned	1,446,813	-	-	-	1,446,813
TOTAL FUND BALANCES	<u>2,994,006</u>	<u>734,138</u>	<u>407,564</u>	<u>156,045</u>	<u>4,291,753</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,263,100</u>	<u>\$ 763,344</u>	<u>\$ 407,564</u>	<u>\$ 232,748</u>	<u>\$ 4,666,756</u>

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

CITY OF ELSMERE, KENTUCKY

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Year Ended June 30, 2012

	General Fund	Street Tax Fund	Municipal Road Fund	Other Funds	Total Governmental Funds
Revenues					
Property tax	\$ 755,602	\$ 445,892	\$ -	\$ -	\$ 1,201,494
Payroll tax	1,170,096	-	-	-	1,170,096
Insurance premium tax	532,281	-	166,073	-	698,354
Other taxes	125,150	-	-	-	125,150
Licenses and permits	16,232	-	-	-	16,232
Fines, forfeitures, penalties	24,942	-	-	-	24,942
Charges for services	400,504	-	-	-	400,504
Intergovernmental	55,011	1,667,219	195,060	8,386	1,925,676
Grants	3,145	-	-	-	3,145
Rehabilitation loan payments	-	-	-	5,106	5,106
Interest income	8,878	224	339	496	9,937
Miscellaneous	26,536	-	-	-	26,536
Total Revenues	3,118,377	2,113,335	361,472	13,988	5,607,172
Expenditures					
Current Expenditures					
General government	492,948	2,256	-	16,288	511,492
Public safety	1,317,760	-	-	-	1,317,760
Public works and streets	399,434	-	509,269	1,892	910,595
Planning and inspection	22,075	-	-	-	22,075
Waste collection	482,244	-	-	-	482,244
Recreation	12,223	-	-	-	12,223
Capital outlay	432,235	1,243,194	-	-	1,675,429
Debt service	-	293,622	-	-	293,622
Total Expenditures	3,158,919	1,539,072	509,269	18,180	5,225,440
Excess (Deficit) of Revenues Over Expenditures	(40,542)	574,263	(147,797)	(4,192)	381,732
Other Financing Sources (Uses)					
Operating transfers in	921,907	923,397	-	-	1,845,304
Operating transfers out	(923,397)	(921,907)	-	-	(1,845,304)
Total Other Financing Sources (Uses)	(1,490)	1,490	-	-	-
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(42,032)	575,753	(147,797)	(4,192)	381,732
Fund Balance, beginning	3,036,038	158,385	555,361	160,237	3,910,021
Fund Balance, ending	\$ 2,994,006	\$ 734,138	\$ 407,564	\$ 156,045	\$ 4,291,753

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

CITY OF ELSMERE, KENTUCKY

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (With Variances) - General Fund For the Year Ended June 30, 2012

	Original Budget	Amendments	Final Budget	Actual	Variance Favorable (Unfavorable)
Budgetary fund balance, July 1	\$ 2,455,720	\$ 126,140	\$ 2,581,860	\$ 3,036,038	\$ 454,178
Resources (inflows):					
Taxes	2,269,500	-	2,269,500	2,583,129	313,629
Licenses and permits	19,100	-	19,100	16,232	(2,868)
Intergovernmental	51,800	-	51,800	55,011	3,211
Fines, forfeitures, penalties	18,000	-	18,000	24,942	6,942
Charges for services	440,000	-	440,000	400,504	(39,496)
Interest income	5,000	-	5,000	8,878	3,878
Grants	-	-	-	3,145	3,145
Miscellaneous	13,000	-	13,000	26,536	13,536
Total resources (inflows)	<u>2,816,400</u>	<u>-</u>	<u>2,816,400</u>	<u>3,118,377</u>	<u>301,977</u>
Amounts available for appropriation	<u>5,272,120</u>	<u>126,140</u>	<u>5,398,260</u>	<u>6,154,415</u>	<u>756,155</u>
Charges to appropriations (outflows):					
General government	415,300	55,850	471,150	492,948	(21,798)
Public safety	1,368,700	28,000	1,396,700	1,317,760	78,940
Public works	400,750	18,500	419,250	399,434	19,816
Planning and inspection	22,900	-	22,900	22,075	825
Waste collection	440,000	-	440,000	482,244	(42,244)
Recreation	10,100	-	10,100	12,223	(2,123)
Capital projects	362,500	45,000	407,500	432,235	(24,735)
Total charges to appropriations	<u>3,020,250</u>	<u>147,350</u>	<u>3,167,600</u>	<u>3,158,919</u>	<u>8,681</u>
Interfund transfers	125,000	-	125,000	(1,490)	(126,490)
Budgetary fund balance, June 30	<u>\$ 2,376,870</u>	<u>\$ (21,210)</u>	<u>\$ 2,355,660</u>	<u>\$ 2,994,006</u>	<u>\$ 638,346</u>

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

CITY OF ELSMERE, KENTUCKY**Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (With Variances) - Street Tax Fund
For the Year Ended June 30, 2012**

	Original Budget	Amendments	Final Budget	Actual	Variance Favorable (Unfavorable)
Budgetary fund balance, July 1	\$ 225,000	\$ 3,679	\$ 228,679	\$ 158,385	\$ (70,294)
Resources (inflows):					
Street tax	460,000	-	460,000	445,892	(14,108)
Intergovernmental	3,179,851	-	3,179,851	1,667,219	(1,512,632)
Interest	1,000	-	1,000	224	(776)
Total resources (inflows)	3,640,851	-	3,640,851	2,113,335	(1,527,516)
Amounts available for appropriation	3,865,851	3,679	3,869,530	2,271,720	(1,597,810)
Charges to appropriations (outflows):					
Bank fees	-	-	-	57	(57)
Debt service payments	-	-	-	293,622	(293,622)
Capital projects	3,423,535	-	3,423,535	1,245,393	2,178,142
Total expenses (outflows)	3,423,535	-	3,423,535	1,539,072	1,884,463
Transfers to (from) fund	-	-	-	1,490	1,490
Budgetary fund balance, June 30	\$ 442,316	\$ 3,679	\$ 445,995	\$ 734,138	\$ 288,143

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

CITY OF ELSMERE, KENTUCKY

**Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (With Variances) - Municipal Road Fund
For the Year Ended June 30, 2012**

	Original Budget	Amendments	Final Budget	Actual	Variance Favorable (Unfavorable)
Budgetary fund balance, July 1	\$ 555,000	\$ (14,250)	\$ 540,750	\$ 555,361	\$ 14,611
Resources (inflows):					
Intergovernmental	169,543	-	169,543	195,060	25,517
Insurance premium tax	125,000	-	125,000	166,073	41,073
Interest	1,000	-	1,000	339	(661)
Total resources (inflows)	295,543	-	295,543	361,472	65,929
Amounts available for appropriation	850,543	(14,250)	836,293	916,833	80,540
Charges to appropriations (outflows):					
Streets	850,000	(14,200)	835,800	509,269	326,531
Budgetary fund balance, June 30	\$ 543	\$ (50)	\$ 493	\$ 407,564	\$ 407,071

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