

CITY OF MULDRAUGH  
AUDITED FINANCIAL STATEMENTS

JUNE 30, 2012

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William A. Talley  
Jon D. Chesser  
Bob E. Wientjes

**INDEPENDENT AUDITORS' REPORT**

Kentucky Offices:  
Louisville  
Brandenburg  
Bardstown

Mayor and Members of the City Council  
City of Muldraugh  
Muldraugh, Kentucky

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Muldraugh, Kentucky, 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 Muldraugh, Kentucky's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the City's June 30, 2011 statements and, in our report dated October 31, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Muldraugh, Kentucky, as of June 30, 2012, and changes in financial position and, where applicable, cash flows 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 a report dated November 16, 2012 on our consideration of the City of Muldraugh's internal control over financial reporting and 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 important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 30 through 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The City of Muldraugh has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Muldraugh, Kentucky's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison for Proprietary and Nonmajor Governmental Funds, and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial statements are fairly stated in all material respects in relation to the financial statements as a whole.

*Richardson, Pennington & Skinner, PSC*

Louisville, Kentucky  
November 16, 2012

CITY OF MULDRAUGH  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
<b>ASSETS</b>			
Current assets:			
Cash	\$ 34,238	\$ 19,500	\$ 53,738
Receivables:			
Occupational taxes	9,803	-0-	9,803
Property taxes	2,742	-0-	2,742
KLEFPF	615	-0-	615
Insurance premium tax	20,676	-0-	20,676
Water	-0-	12,550	12,550
Sewer	-0-	16,888	16,888
Garbage	-0-	10,992	10,992
Surcharge	-0-	2,756	2,756
Infiltrate	-0-	2,844	2,844
Internal balances	27,760	(27,760)	-0-
Restricted cash	54,591	84,667	139,258
Restricted certificate of deposits	-0-	36,320	36,320
Construction in process	-0-	1,421,935	1,421,935
Capital assets:			
Depreciable buildings, property, and equipment (net)	221,171	1,524,010	1,745,181
<b>TOTAL ASSETS</b>	<b>\$ 371,596</b>	<b>\$ 3,104,702</b>	<b>\$ 3,476,298</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 7,192	\$ 15,695	\$ 22,887
Accrued expenses	7,844	1,001	8,845
Deferred revenue	-0-	1,486	1,486
Accrued wages	780	306	1,086
Deposits	-0-	28,850	28,850
Compensated absences	1,332	6,999	8,331
Bonds/Note payables due within one year	15,094	20,684	35,778
Bonds/Note payables due in more than one year	-0-	168,281	168,281
<b>TOTAL LIABILITIES</b>	<b>32,242</b>	<b>243,302</b>	<b>275,544</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	206,077	1,335,045	1,541,122
Restricted for specific purpose	48,841	-0-	48,841
Unrestricted	84,436	1,526,355	1,610,791
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 339,354</b>	<b>\$ 2,861,400</b>	<b>\$ 3,200,754</b>

The notes to the financial statements are an integral part of this statement.

CITY OF MULDRAGH  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTAL
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
PRIMARY GOVERNMENT:							
General government	\$ 399,543	\$ 64,909	\$ 19,149	\$ -0-	\$ (315,485)	\$ -0-	\$ (315,485)
Police	65,814	29,538	46,432	-0-	10,156	-0-	10,156
Parks/recreation	1,784	-0-	-0-	-0-	(1,784)	-0-	(1,784)
Fire department	29,272	3,177	15,750	-0-	(10,345)	-0-	(10,345)
Roads and sidewalks	26,588	-0-	-0-	30,203	3,615	-0-	3,615
Interest on long-term debt	1,549	-0-	-0-	-0-	(1,549)	-0-	(1,549)
Total Government Activities	524,550	97,624	81,331	30,203	(315,392)	-0-	(315,392)
BUSINESS-TYPE ACTIVITIES:							
Water and sewer	534,773	445,960	-0-	814,679	-0-	725,866	725,866
Total Business-Type Activities	534,773	445,960	-0-	814,679	-0-	725,866	725,866
TOTAL PRIMARY GOVERNMENT	\$ 1,059,323	\$ 543,584	\$ 81,331	\$ 844,882	(315,392)	725,866	410,474
GENERAL REVENUES:							
Taxes:							
Property					43,614	-0-	43,614
Net profits					20,813	-0-	20,813
Insurance tax					99,098	-0-	99,098
Storm water fees					12,944	-0-	12,944
Interest					148	1,290	1,438
Franchise fees					32,793	-0-	32,793
Lease income - cellular					17,457	-0-	17,457
Sanitation					26,635	-0-	26,635
Others					1,046	-0-	1,046
Proceeds from equipment					5,073	-0-	5,073
Miscellaneous					37,580	33,088	70,668
Transfers					2,660	(2,660)	-0-
Total general revenues, special items and transfers					299,861	31,718	331,579
Change in net assets					(15,531)	757,584	742,053
Net assets - beginning					354,885	2,103,816	2,458,701
Net assets - ending					\$ 339,354	\$ 2,861,400	\$ 3,200,754

The notes to the financial statements are an integral part of this statement.

CITY OF MULDRAGH  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2011)

<u>ASSETS</u>	GOVERNMENTAL FUND TYPES		TOTALS	
	GENERAL	NONMAJOR GOVERNMENTAL FUNDS	2012	2011
Cash	\$ 29,072	\$ 5,166	\$ 34,238	\$ 53,365
Restricted Cash and Cash Equivalents:				
Cash and cash equivalents	-0-	54,591	54,591	48,736
Receivables:				
Occupational taxes	9,803	-0-	9,803	9,657
Property taxes	2,742	-0-	2,742	1,173
KLEFPF	615	-0-	615	920
Insurance premium tax	20,676	-0-	20,676	23,304
Due from other funds	33,510	-0-	33,510	33,510
<b>TOTAL ASSETS</b>	<b>\$ 96,418</b>	<b>\$ 59,757</b>	<b>\$ 156,175</b>	<b>\$ 170,665</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 7,192	\$ -0-	\$ 7,192	\$ 6,716
Accrued expenses	7,844	-0-	7,844	2,874
Accrued wages	780	-0-	780	3,186
Due to other funds	-0-	5,750	5,750	5,750
Total Liabilities	15,816	5,750	21,566	18,526
Fund Balance:				
Restricted for specific purpose	-0-	48,841	48,841	42,986
Unassigned	80,602	5,166	85,768	109,153
Total Fund Equity	80,602	54,007	134,609	152,139
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 96,418</b>	<b>\$ 59,757</b>	<b>\$ 156,175</b>	<b>\$ 170,665</b>

Total governmental fund equity (from above) \$ 134,609

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. 221,171

Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.

Compensated Absences	1,332	
Note Payable - SW Project	12,993	
Note Payable - Vehicle	2,101	
		(16,426)

Net assets of governmental activities (See Pages 6 & 7) \$ 339,354

The notes to the financial statement are an integral part of this statement.

CITY OF MULDRAGH  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012  
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2011)

	GOVERNMENTAL FUND TYPES		TOTALS	
	GENERAL FUND	NONMAJOR GOVERNMENTAL FUNDS	2012	2011
TOTAL REVENUES	\$ 431,216	\$ 70,070	\$ 501,286	\$ 487,091
TOTAL EXPENDITURES	459,298	67,251	526,549	500,789
Excess of Revenues Over (Under) Expenditures	(28,082)	2,819	(25,263)	(13,698)
Other Financing Sources (Uses): Proceeds from equipment	4,323	750	5,073	-0-
Total Other Financing Sources (Uses)	4,323	750	5,073	-0-
Income before operating transfers	(23,759)	3,569	(20,190)	(13,698)
Operating transfers in	8,660	3,068	11,728	33,100
Operating transfers out	(3,068)	(6,000)	(9,068)	(16,000)
Total Other Financing Sources And Uses	5,592	(2,932)	2,660	17,100
Net Change In Fund Balances	(18,167)	637	(17,530)	3,402
Beginning Fund Balance	98,769	53,370	152,139	148,737
Ending Fund Balance	<u>\$ 80,602</u>	<u>\$ 54,007</u>	<u>\$ 134,609</u>	<u>\$ 152,139</u>
Net change in fund balances-total governmental funds (from above)			\$ (17,530)	

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 is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.

Capital Outlay	\$ 16,962	
Depreciation Expense	<u>29,810</u>	
Difference		(12,848)

Loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Principal payments is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Principal Payments	<u>13,609</u>	13,609
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Compensated absences not payable from current year resources are not reported as expenditures of the current year. In the Statement of Activities, these costs represent expenses of the current year.

1,238

Change in net assets of governmental activities (See Page 7) \$ (15,531)

The notes to the financial statement are an integral part of this statement.

CITY OF MULDRAUGH  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2012  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2011)

	GOVERNMENTAL		TOTALS	
	FUND TYPES			
	GENERAL FUND	NONMAJOR GOVERNMENTAL FUNDS	2012	2011
<b>REVENUES:</b>				
Property taxes	\$ 38,399	\$ -0-	\$ 38,399	\$ 36,021
Business licenses	24,518	-0-	24,518	25,259
Unloading licenses	1,500	-0-	1,500	1,550
Interest income	67	81	148	136
Occupational licenses	38,891	-0-	38,891	38,120
Police department revenue	29,538	-0-	29,538	30,710
Fire department revenue	3,177	-0-	3,177	8,350
Lease income - cellular	17,457	-0-	17,457	17,457
Franchise fees - utilities	27,926	-0-	27,926	28,815
Franchise fees - telecommunications	4,867	-0-	4,867	4,931
Sanitation	26,635	-0-	26,635	33,799
Storm Water Fees	-0-	12,944	12,944	12,957
Building and sign permits	320	-0-	320	2,781
Insurance tax	99,098	-0-	99,098	99,304
Auto licenses	5,215	-0-	5,215	5,162
Net and gross profits	20,813	-0-	20,813	19,940
Donations and miscellaneous	10,738	26,842	37,580	8,136
Other revenue	726	-0-	726	672
<b>INTERGOVERNMENTAL REVENUES:</b>				
Coal and mineral grants	9,733	-0-	9,733	11,008
State highway grants	-0-	30,203	30,203	29,567
Area development Grant	-0-	-0-	-0-	6,254
Police grants	25,964	-0-	25,964	29,386
House Bill 413	9,416	-0-	9,416	9,451
State police grants - KLEFPF	10,122	-0-	10,122	11,137
Homeland security grant	10,346	-0-	10,346	-0-
County fire grants	8,000	-0-	8,000	8,000
State fire grants	7,750	-0-	7,750	8,188
<b>TOTAL REVENUES</b>	<b>\$ 431,216</b>	<b>\$ 70,070</b>	<b>\$ 501,286</b>	<b>\$ 487,091</b>

The notes to the financial statement are an integral part of this statement.

CITY OF MULDRAGH  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2012  
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2011)

	GOVERNMENTAL		TOTALS	
	FUND TYPES			
	GENERAL FUND	NONMAJOR GOVERNMENTAL FUNDS	2012	2011
<b>EXPENDITURES:</b>				
Current:				
General Government				
Salaries	\$ 198,815	\$ -0-	\$ 198,815	\$ 178,697
Payroll taxes	12,278	-0-	12,278	15,411
Health insurance	18,361	-0-	18,361	16,645
Retirement	36,063	-0-	36,063	27,340
Utilities	19,042	-0-	19,042	19,620
Insurance	40,297	4,686	44,983	40,618
Telephone	2,444	-0-	2,444	2,601
Professional fees	7,979	835	8,814	4,491
Advertising and legal	1,075	-0-	1,075	943
Repairs and maintenance	-0-	26,588	26,588	29,589
Park expense	208	-0-	208	152
Fuel	-0-	1,611	1,611	1,259
Festival expense	-0-	3,813	3,813	4,780
Supplies	2,598	347	2,945	2,002
Towing expense	11,215	-0-	11,215	9,752
Miscellaneous	17,048	10,407	27,455	23,161
Debt Service				
Principal	4,651	8,958	13,609	27,780
Interest	507	1,042	1,549	2,422
Public Safety				
Police department	50,995	-0-	50,995	48,683
Fire department	27,724	-0-	27,724	18,816
Total Current Expenditures	451,300	58,287	509,587	474,762
Capital Outlay	7,998	8,964	16,962	26,027
<b>TOTAL EXPENDITURES</b>	<b>\$ 459,298</b>	<b>\$ 67,251</b>	<b>\$ 526,549</b>	<b>\$ 500,789</b>

The notes to the financial statement are an integral part of this statement.

CITY OF MULDRAUGH  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2012

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2011)

	BUSINESS-TYPE ACTIVITIES-- ENTERPRISE FUNDS									
	OPERATIONS AND MAINTENANCE FUND	REVENUE FUND	DEPRECIATION FUND	METER DEPOSIT FUND	SURCHARGE FUND	WATER/SEWER CONSTRUCTION FUND	BOND & INTEREST SINKING FUND	SEWER INFILTRATION FUND	TOTALS 2012	TOTALS 2011
<b>ASSETS</b>										
<b>Current Assets:</b>										
Cash	\$ 795	\$ 1,599	\$ -0-	\$ -0-	\$ 13,644	\$ -0-	\$ -0-	\$ 3,462	\$ 19,500	\$ 49,782
Restricted cash	-0-	-0-	8,253	40,252	-0-	614	35,548	-0-	84,667	74,489
Certificate of Deposits, Restricted Receivable.	-0-	-0-	-0-	-0-	-0-	-0-	36,320	-0-	36,320	35,248
Water	-0-	12,550	-0-	-0-	-0-	-0-	-0-	-0-	12,550	17,683
Garbage	-0-	10,992	-0-	-0-	-0-	-0-	-0-	-0-	10,992	13,436
Sewer	-0-	16,888	-0-	-0-	-0-	-0-	-0-	-0-	16,888	26,118
Surcharge	-0-	2,756	-0-	-0-	-0-	-0-	-0-	-0-	2,756	4,276
Infiltrate	-0-	2,844	-0-	-0-	-0-	-0-	-0-	-0-	2,844	5,042
Due from other funds	10,103	-0-	-0-	-0-	-0-	-0-	-0-	-0-	10,103	5,750
<b>Total current assets</b>	<b>10,898</b>	<b>47,629</b>	<b>8,253</b>	<b>40,252</b>	<b>13,644</b>	<b>614</b>	<b>71,868</b>	<b>3,462</b>	<b>196,620</b>	<b>231,824</b>
<b>Noncurrent Assets:</b>										
Construction in process	-0-	-0-	-0-	-0-	-0-	1,421,935	-0-	-0-	1,421,935	921,487
Trucks	9,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	9,000	9,000
Improvements other than buildings	2,388,216	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,388,216	1,946,687
Machinery and equipment	183,842	-0-	-0-	-0-	-0-	-0-	-0-	-0-	183,842	171,537
Accumulated depreciation	(957,048)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(957,048)	(874,509)
<b>Total noncurrent assets</b>	<b>1,524,010</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>1,421,935</b>	<b>-0-</b>	<b>-0-</b>	<b>2,945,945</b>	<b>2,174,202</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,534,908</b>	<b>\$ 47,629</b>	<b>\$ 8,253</b>	<b>\$ 40,252</b>	<b>\$ 13,644</b>	<b>\$ 1,422,549</b>	<b>\$ 71,868</b>	<b>\$ 3,462</b>	<b>\$ 3,142,565</b>	<b>\$ 2,406,026</b>
<b>LIABILITIES</b>										
<b>Current Liabilities:</b>										
Accounts payable	\$ 15,695	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 15,695	\$ 21,638
Accrued liabilities	1,307	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,307	3,093
Deferred revenue	-0-	1,486	-0-	-0-	-0-	-0-	-0-	-0-	1,486	-0-
Accrued vacation and sick leave	6,999	-0-	-0-	-0-	-0-	-0-	-0-	-0-	6,999	5,231
Deposits	-0-	-0-	-0-	28,850	-0-	-0-	-0-	-0-	28,850	29,250
Due to other funds	33,510	-0-	-0-	-0-	-0-	-0-	-0-	4,353	37,863	33,510
<b>Total current liabilities</b>	<b>57,511</b>	<b>1,486</b>	<b>-0-</b>	<b>28,850</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>4,353</b>	<b>92,200</b>	<b>92,722</b>
<b>Noncurrent Liabilities:</b>										
Notes payable	32,965	-0-	-0-	-0-	-0-	-0-	-0-	-0-	32,965	46,488
Bonds payable - RECD	156,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	156,000	163,000
<b>Total noncurrent liabilities</b>	<b>188,965</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>188,965</b>	<b>209,488</b>
<b>Total Liabilities</b>	<b>246,476</b>	<b>1,486</b>	<b>-0-</b>	<b>28,850</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>4,353</b>	<b>281,165</b>	<b>302,210</b>
<b>NET ASSETS</b>										
Invested in capital assets, net of related debt Unrestricted	1,333,045 (46,613)	-0- 46,143	-0- 8,253	-0- 11,402	-0- 13,644	-0- 1,422,549	-0- 71,868	-0- (891)	1,335,045 1,526,355	1,043,227 1,060,589
<b>TOTAL NET ASSETS</b>	<b>\$ 1,288,432</b>	<b>\$ 46,143</b>	<b>\$ 8,253</b>	<b>\$ 11,402</b>	<b>\$ 13,644</b>	<b>\$ 1,422,549</b>	<b>\$ 71,868</b>	<b>\$ (891)</b>	<b>\$ 2,861,400</b>	<b>\$ 2,103,816</b>

The notes to the financial statements are an integral part of this statement.

CITY OF MULDRAUGH  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2011)

	BUSINESS-TYPE ACTIVITIES-- ENTERPRISE FUNDS									
	OPERATIONS AND MAINTENANCE FUND	REVENUE FUND	DEPRECIATION FUND	METER DEPOSIT FUND	SURCHARGE FUND	WATER/SEWER CONSTRUCTION FUND	BOND & INTEREST SINKING FUND	SEWER INFILTRATION FUND	TOTALS 2012	TOTALS 2011
<b>Operating Revenues:</b>										
Water Service	\$ -0-	\$ 130,426	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 130,426	\$ 153,114
Sewer Service	-0-	161,126	-0-	-0-	-0-	-0-	-0-	-0-	161,126	188,370
Garbage Service	-0-	101,272	-0-	-0-	-0-	-0-	-0-	-0-	101,272	104,797
Sewer Surcharge	-0-	27,338	-0-	-0-	-0-	-0-	-0-	-0-	27,338	31,738
Infiltration income	-0-	25,798	-0-	-0-	-0-	-0-	-0-	-0-	25,798	31,231
Miscellaneous	-0-	26,728	-0-	6,219	-0-	141	-0-	-0-	33,088	46,856
Total Operating Revenues	-0-	472,688	-0-	6,219	-0-	141	-0-	-0-	479,048	556,106
<b>Operating Expenses:</b>										
Salaries	107,142	-0-	-0-	-0-	-0-	-0-	-0-	-0-	107,142	103,510
FICA Taxes	7,537	-0-	-0-	-0-	-0-	-0-	-0-	-0-	7,537	7,133
Group Insurance	14,274	-0-	-0-	-0-	-0-	-0-	-0-	-0-	14,274	8,139
Retirement	20,294	-0-	-0-	-0-	-0-	-0-	-0-	-0-	20,294	17,447
Advertising	199	-0-	-0-	-0-	-0-	-0-	-0-	-0-	199	1,279
Water Maintenance	9,484	-0-	-0-	-0-	-0-	-0-	-0-	-0-	9,484	10,838
Sewer Maintenance	23,985	-0-	-0-	-0-	-0-	-0-	-0-	-0-	23,985	16,256
Office Expense	2,609	1,102	-0-	46	29	5,476	-0-	-0-	9,262	6,746
Utilities	13,463	-0-	-0-	-0-	-0-	-0-	-0-	-0-	13,463	12,461
Insurance	7,194	-0-	-0-	-0-	-0-	-0-	-0-	-0-	7,194	5,973
Telephone/Pager	2,163	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,163	2,297
Utility Tax	11,617	-0-	-0-	-0-	-0-	-0-	-0-	-0-	11,617	14,029
Uniforms	260	-0-	-0-	-0-	-0-	-0-	-0-	-0-	260	501
Repairs and Replacement	5,764	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5,764	5,180
Professional Fees	3,300	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,300	3,275
Depreciation	82,539	-0-	-0-	-0-	-0-	-0-	-0-	-0-	82,539	72,700
Miscellaneous	14,857	116	-0-	214	-0-	-0-	-0-	-0-	15,187	6,955
Gas and Fuel Expense	8,880	-0-	-0-	-0-	-0-	-0-	-0-	-0-	8,880	8,759
Sanitation	97,110	-0-	-0-	-0-	-0-	-0-	-0-	-0-	97,110	99,849
Water Purchased	85,977	-0-	-0-	-0-	-0-	-0-	-0-	-0-	85,977	99,290
Total Operating Expenses	518,648	1,218	-0-	260	29	5,476	-0-	-0-	525,631	502,617
Operating Income (Loss)	(518,648)	471,470	-0-	5,959	(29)	(5,335)	-0-	-0-	(46,583)	53,489
<b>Non-Operating Revenues (Expenses):</b>										
Kentucky State Grant	-0-	-0-	-0-	-0-	-0-	567,155	-0-	-0-	567,155	1,164,264
KIA Grant	-0-	-0-	-0-	-0-	-0-	247,524	-0-	-0-	247,524	93,471
Interest Income	28	55	18	-0-	40	-0-	1,149	-0-	1,290	1,321
Interest Expense	(9,142)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(9,142)	(11,973)
Total Non-operating Revenue (Expenses)	(9,114)	55	18	-0-	40	814,679	1,149	-0-	806,827	1,247,083
Income (Loss) Before Contributions And Transfers	(527,762)	471,525	18	5,959	11	809,344	1,149	-0-	760,244	1,300,572
Operating Transfers In	824,947	54,756	1,560	-0-	29,524	-0-	18,000	23,357	952,144	1,015,600
Operating Transfers Out	0	(551,868)	-0-	-0-	(54,756)	(308,782)	(15,150)	(24,248)	(954,804)	(1,032,700)
Change In Net Assets	297,185	(25,587)	1,578	5,959	(25,221)	500,562	3,999	(891)	757,584	1,283,472
Total Net Assets - Beginning	991,247	71,730	6,675	5,443	38,865	921,987	67,869	-0-	2,103,816	820,344
<b>Total Net Assets - Ending</b>	<b>\$ 1,288,432</b>	<b>\$ 46,143</b>	<b>\$ 8,253</b>	<b>\$ 11,402</b>	<b>\$ 13,644</b>	<b>\$ 1,422,549</b>	<b>\$ 71,868</b>	<b>\$ (891)</b>	<b>\$ 2,861,400</b>	<b>\$ 2,103,816</b>

The notes to the financial statement are an integral part of this statement.

CITY OF MULDRAUGH  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2011)

BUSINESS-TYPE ACTIVITIES—  
ENTERPRISE FUNDS

	OPERATIONS AND MAINTENANCE FUND	REVENUE FUND	DEPRECIATION FUND	METER DEPOSIT FUND	SURCHARGE FUND	WATER/SEWER CONSTRUCTION FUND	BOND & INTEREST SINKING FUND	SEWER INFILTRATION FUND	2012	2011
<b>Cash flows from operating activities:</b>										
Cash received from customers	\$ -0-	\$ 494,699	\$ -0-	\$ 5,819	\$ -0-	\$ 141	\$ -0-	\$ 4,353	\$ 505,012	\$ 549,783
Cash payments to suppliers for goods and services	(339,281)	(1,218)	-0-	(260)	(29)	(5,476)	-0-	-0-	(346,264)	(327,474)
Cash payments to employees for services	(107,142)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(107,142)	(140,974)
Net cash provided (used) by operating activities	(446,423)	493,481	-0-	5,559	(29)	(5,335)	-0-	4,353	51,606	81,335
<b>Cash flows from non-capital financing activities:</b>										
Operating transfers - in from other funds	824,947	54,756	1,560	-0-	29,524	-0-	18,000	23,257	952,144	1,015,600
Operating transfers - out to other funds	-0-	(551,868)	-0-	-0-	(54,756)	(508,782)	(15,150)	(24,248)	(954,804)	(1,032,700)
Net cash provided (used) by noncapital financing activities	824,947	(497,112)	1,560	-0-	(25,232)	(508,782)	2,850	(891)	(2,660)	(17,100)
<b>Cash flows from capital and related financing activities:</b>										
Acquisition and construction of capital assets	(352,834)	-0-	-0-	-0-	-0-	(500,448)	-0-	-0-	(854,282)	(1,268,641)
Principal paid on notes	(20,523)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(20,523)	(18,042)
State grant proceeds	-0-	-0-	-0-	-0-	-0-	814,679	-0-	-0-	814,679	1,237,735
Interest paid on notes	(9,142)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(9,142)	(11,973)
Net cash provided (used) by capital and related financing activities	(383,499)	-0-	-0-	-0-	-0-	314,231	-0-	-0-	(69,268)	(40,921)
<b>Cash flows from investing activities:</b>										
Interest and Dividends on Investments	28	55	18	-0-	40	-0-	1,149	-0-	1,290	1,321
Net cash provided by investing activities	28	55	18	-0-	40	-0-	1,149	-0-	1,290	1,321
Net increase (decrease) in cash and cash equivalents	(4,947)	(3,576)	1,578	5,559	(25,221)	114	3,999	3,462	(19,032)	24,635
Cash and cash equivalents at beginning of year	5,742	5,175	6,675	34,693	38,865	500	67,869	-0-	159,519	134,884
Cash and cash equivalents at end of year	\$ 795	\$ 1,599	\$ 8,253	\$ 40,252	\$ 13,644	\$ 614	\$ 71,868	\$ 3,462	\$ 140,487	\$ 159,519
<b>Reconciliation of net operating income to net cash provided by operating activities:</b>										
Net operating income (loss)	\$ (518,648)	\$ 471,470	\$ -0-	\$ 5,959	\$ (29)	\$ (5,335)	\$ -0-	\$ -0-	\$ (46,583)	
Adjustments to reconcile net operating income to net cash provided by operating activities:										
Depreciation	82,539	-0-	-0-	-0-	-0-	-0-	-0-	-0-	82,539	
Changes in assets/liabilities:										
Accounts receivable	-0-	20,525	-0-	-0-	-0-	-0-	-0-	-0-	20,525	
Due to from funds	(4,353)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(4,353)	
Accounts payable	(5,943)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(5,943)	
Deferred revenue	-0-	1,486	-0-	-0-	-0-	-0-	-0-	-0-	1,486	
Accrued expenses	(1,786)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(1,786)	
Accrued vacation	1,768	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,768	
Due to other funds	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,353	4,353	
Deposits	-0-	-0-	-0-	(400)	-0-	-0-	-0-	-0-	(400)	
Net cash provided (used) by operating activities	\$ (446,423)	\$ 493,481	\$ -0-	\$ 5,559	\$ (29)	\$ (5,335)	\$ -0-	\$ 4,353	\$ 51,606	

The notes to the financial statements are an integral part of this statement

**CITY OF MULDRAUGH  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE A - ORGANIZATION AND ACCOUNTING POLICIES**

Muldraugh, Kentucky is a fifth class city located in Meade County, Kentucky. It operates under a councilmanic form of government and derives significantly all of its revenue from water and sewer receipts, property taxes, business license and franchise taxes, garbage collections and insurance taxes.

The financial statements of the City of Muldraugh are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with GASB pronouncements. FASB guidance issued subsequent to this date is not followed.

1. Reporting Entity

The City's financial statements include the operations of all organizations for which the City Council exercises oversight. Responsibility is demonstrated by financial interdependence, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

2. Basis of Presentation – Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and statement of activities. These statements report financial information for the City as a whole excluding fiduciary funds and component units that are fiduciary in nature. Interfund activity, which duplicates revenues or expenses, has been eliminated from these statements, except for those transactions and balances between governmental and business-type activities. The focus of the government-wide financial statements is on the primary government. Governmental activities are normally supported by taxes and intergovernmental revenue.

**CITY OF MULDRAGH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE A - ORGANIZATION AND ACCOUNTING POLICIES (CONTINUED)**

The statement of activities outlines the direct expenses of each of the City's major functions and the program revenues generated by those programs. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The City allocates certain indirect costs to be included in the program expense reported for individual functions and activities in the government-wide statement of activities.

The accounts of the City are organized into funds, each of which is considered to be a separate accounting entity. Major individual governmental funds are reported in separate columns with composite columns for non-major funds and business-type activities. The major fund categories are:

Governmental Fund Types:

The following are the City's governmental fund types.

- a.) General Fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
  
- b.) Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to specified purposes. These funds make up the non-major funds in the government-wide financial statements.

Proprietary Funds:

Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance. The Enterprise Funds are the only proprietary fund of the City.

Enterprise Funds - Enterprise funds are used to account for operations (a) that are financed primarily through users charges, or (b) where the governing body has decided that determination of net income is appropriate.

CITY OF MULDRAUGH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE A - ORGANIZATION AND ACCOUNTING POLICIES (CONTINUED)

3. Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recorded when they become measurable and available to pay liabilities of the current period. Property taxes and insurance license fees are recognized as revenues in the year for which taxes have been levied provided they are collected within 60 days after the year end. Permits, fines and forfeitures, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned. Revenues not considered available are recorded as deferred revenues. Expenditures are generally recorded when the liability is incurred.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

4. Reconciliation of Government-Wide and Fund Financial Statements

The government fund balance sheet includes a reconciliation between fund balances in governmental funds and net assets reported in the government-wide statements. These adjustments reflect the changes necessary to report the governmental fund balances on the economic resources measurement focus and accrual basis of accounting. In addition, capital assets, and long-term debt are added to the governmental funds to compile the long-term view of the governmental activities column.

A similar reconciliation is included on the statement of revenues, expenditures and changes in fund balance for the governmental funds. These adjustments reflect the

**CITY OF MULDRAUGH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE A - ORGANIZATION AND ACCOUNTING POLICIES (CONTINUED)**

transition from the modified accrual accounting for governmental funds to the accrual basis of accounting for the statement of activities. Capital outlay is replaced with depreciation expenses.

5. Valuation of Receivables

Receivables are stated at face value with no allowance for doubtful accounts. Accounts receivable are periodically evaluated for collectability based on past history. Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise fees, insurance licenses fees and intergovernmental revenues.

6. Prior Period Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

7. Obligation for Compensated Absences

The City allows all employees occupying permanent positions annual vacation and sick leave at their current salary rate. Accrued vacation and sick leave is limited to 120 hours and 480 hours respectively at any time. Any employee who terminates employment with the City shall have used all accrued vacation leave time prior to the date of official termination. However, employees who terminate employment with the City shall not be compensated for unused sick leave credit. Vacation leave is accrued at the rate of 1/12th of the annual rate per month of employment. Accumulated unpaid vacation is as follows:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
GENERAL FUND		
Vacation pay	\$ 1,332	\$ 2,571
WATER AND SEWER FUNDS		
Vacation pay	\$ 6,999	\$ 5,231

**CITY OF MULDRAUGH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE A - ORGANIZATION AND ACCOUNTING POLICIES (CONTINUED)**

8. Net Assets

Net Assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net asset invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted resources are used first to fund appropriations.

The City first applied restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

9. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

10. Operating and Non-Operating Revenues and Expenses – Proprietary Funds

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. Operating expenses for the enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**NOTE B - BUDGETARY PROCEDURES AND BUDGETARY ACCOUNTING**

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

**CITY OF MULDRAUGH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE B - BUDGETARY PROCEDURES AND BUDGETARY ACCOUNTING  
(CONTINUED)**

1. The City clerk/administrator is responsible for preparing the proposed operating budgets prior to each fiscal year commencing on July 1. The proposed operating budgets are submitted to the City Council for approval. The budgets are legally enacted through passage of an ordinance.
2. Budgeted amounts are as originally adopted, or as amended by the City Council. The budget for the City of Muldraugh was amended by vote of the City Council.

Actual expenditures and operating transfers out may not legally exceed "budget" appropriations at the individual fund level. Budgetary control, however, is maintained at the departmental level. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended. The City prepares its budget on a basis of accounting that conforms to generally accepted accounting principles. Proprietary fund budgets are adopted on the modified accrual basis of accounting.

**NOTE C - RISK MANAGEMENT**

The City is exposed to various risks and losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City contracts with the Kentucky League of Cities Insurance Services (KLCIS), a local government risk pool for insurance coverage for these risks. KLCIS was formed for the primary purpose of managing and funding third-party liability claims against its members. As a member of KLCIS, the City is required to make annual contributions sufficient to produce the funds necessary to fund the administrative expenses and the claims and claims expense, and any deficiencies in the cumulative reserves.

**NOTE D - CASH AND CERTIFICATES OF DEPOSITS**

The City of Muldraugh maintains numerous accounts at various depository banks. All of the bank balances were covered by the \$250,000 federal depository insurance or pledged U.S. government securities for those accounts with balances over \$250,000. The City of Muldraugh considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. Effective January 1, 1996, the General Assembly enacted KRS 66.480 which limits investments of public funds generally to obligations of the U.S. and certain of its agency and instrumentality, certificates of deposits or other interest-bearing accounts of FDIC insured banks or savings and loan institutions.

**CITY OF MULDRAUGH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE E – REVENUE BONDS PAYABLE**

As of June 30, 2012 two series of revenue bonds are outstanding amounting to \$156,000. Rural Economic and Community Development (formerly Farmers Home Administration) holds both series of bonds each with an interest rate of 5%, with maturities through the year 2024. As of June 30, 2012, “net revenues” as defined in bond ordinance exceeded 150% of average outstanding debt service of the water and sewer system.

**NOTE F - RESTRICTED ASSETS**

Certain proprietary funds are restricted for construction funded through long-term debt and Federal and State grant revenues. Reserved net assets include the excess of assets over certain liabilities restricted for the debt service on revenue bonds and which does not include assets restricted for construction. Governmental funds report restricted assets for cash deposited in bank accounts legally restricted for specific purpose such as the payments on long-term debt, construction projects, and street and sidewalk expenditures.

Restricted assets at June 30, 2012 are as follows:

	<u>Cash in Bank</u>
Depreciation reserve	\$ 8,253
Road aid reserve	9,572
Land development reserve	44,719
Meter deposit reserve	40,252
Safe room reserve	300
Construction reserve	614
Bond and interest reserve	35,548
Total	\$ 139,258

**NOTE G - PROPERTY TAXES**

Property taxes are assessed on January 1 of each year. Tax bills are distributed in the fall of the same year and become payable upon receipt. Property taxes unpaid at May 1 of the following year are subject to a lien filed against their property. The 2012 tax rate was 15.3 cents per \$100 valuation for motor vehicles, 15.3 cents per \$100 valuation for personal property taxes, 16.8 cents per \$100 valuation for real estate taxes and 2.5 cents per \$100 valuation for bank deposits tax.

**CITY OF MULDRAUGH**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE H – FUND BALANCES**

The City of Muldraugh has implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in the fiscal year ending June 30, 2012. In the fund financial statements, governmental funds and nonmajor special revenue funds report the following classifications of fund balance:

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or legally or contractually required to be maintained intact. The City has not reported any amounts that are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balances are reported pursuant to ordinances passed by the City Council, the City's highest level of decision making authority.
- Assigned – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balances.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. In the Special Revenue Fund, the unassigned classification is only used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

**NOTE I – FIXED ASSETS**

The City's capital assets and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with other capital assets. According to GASB No. 34, since revenues are less than \$10 million, the City of Muldraugh is only required to report infrastructure acquired after July 1, 2003. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

**CITY OF MULDRAUGH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE I – FIXED ASSETS (CONTINUED)**

A summary of changes in general fixed assets follows:

**PRIMARY GOVERNMENT**

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<b>Governmental Activities:</b>				
Non-depreciable assets:				
Land	\$ 68,800	\$ 7,364	\$ -0-	\$ 76,164
<b>Total non-depreciable assets</b>	<b>68,800</b>	<b>7,364</b>	<b>-0-</b>	<b>76,164</b>
Depreciable assets:				
Park Equipment	33,260	-0-	-0-	33,260
Buildings	20,960	-0-	-0-	20,960
City Hall	75,302	-0-	-0-	75,302
Trucks	61,493	3,000	28,376	36,117
Police Cars & Fire				
Trucks	223,630	-0-	3,000	220,630
Fire Station	40,400	-0-	-0-	40,400
Police and Fire Dept.				
Equipment	88,364	6,598	-0-	94,962
Maintenance Equipment	86,469	-0-	-0-	86,469
Office Equipment	21,306	-0-	-0-	21,306
<b>Total depreciable assets</b>	<b>651,184</b>	<b>9,598</b>	<b>31,376</b>	<b>629,406</b>
<b>Total capital assets</b>	<b>\$ 719,984</b>	<b>\$ 16,962</b>	<b>\$ 31,376</b>	<b>\$ 705,570</b>
Accumulated depreciation:				
Park Equipment	\$ (20,061)	\$ (1,576)	\$ -0-	\$ (21,637)
Buildings	(5,699)	(537)	-0-	(6,236)
City Hall	(24,631)	(2,512)	-0-	(27,143)
Trucks	(55,478)	(2,409)	(28,376)	(29,511)
Police Cars & Fire				
Trucks	(209,734)	(6,577)	(3,000)	(213,311)
Fire Station	(26,934)	(1,036)	-0-	(27,970)
Police and Fire Dept.				
Equipment	(59,552)	(8,755)	-0-	(68,307)
Maintenance Equipment	(74,572)	(3,251)	-0-	(77,823)
Office Equipment	(9,304)	(3,157)	-0-	(12,461)
<b>Total accumulated depreciation</b>	<b>(485,965)</b>	<b>(29,810)</b>	<b>(31,376)</b>	<b>(484,399)</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 234,019</b>	<b>\$ (12,848)</b>	<b>\$ -0-</b>	<b>\$ 221,171</b>

**CITY OF MULDRAUGH**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE I – FIXED ASSETS (CONTINUED)**

A summary of changes in proprietary fund type fixed assets follows:

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<b>Business-type Activities:</b>				
<b>Depreciable assets:</b>				
Water Lines	\$ 677,570	\$ 293,817	\$ -0-	\$ 971,387
Sewer Lines	1,269,117	47,712	-0-	1,316,829
Machinery and Equipment	128,854	-0-	-0-	128,854
Office Equipment	42,683	12,305	-0-	54,988
Trucks	9,000	-0-	-0-	9,000
<b>Total depreciable assets</b>	<u>2,127,224</u>	<u>353,834</u>	<u>-0-</u>	<u>2,481,058</u>
<b>Total capital assets</b>	<u>\$ 2,127,224</u>	<u>\$ 353,834</u>	<u>\$ -0-</u>	<u>\$ 2,481,058</u>
<b>Accumulated depreciation:</b>				
Water Lines	\$ (323,063)	\$ (27,939)	\$ -0-	\$ (351,002)
Sewer Lines	(398,266)	(45,474)	-0-	(443,740)
Machinery and Equipment	(102,778)	(6,788)	-0-	(109,566)
Office Equipment	(41,402)	(2,338)	-0-	(43,740)
Trucks	(9,000)	-0-	-0-	(9,000)
<b>Total accumulated depreciation</b>	<u>(874,509)</u>	<u>(82,539)</u>	<u>-0-</u>	<u>(957,048)</u>
<b>Business-type capital assets, net</b>	<u>\$ 1,252,715</u>	<u>\$ 271,295</u>	<u>\$ -0-</u>	<u>\$ 1,524,010</u>

Depreciation expense is charged to functions as follows:

<u>Governmental Activities</u>		<u>Business-type Activities</u>	
General Government	\$ 11,867	Water and Sewer	\$ 82,539
Police	14,819		
Parks/Recreation	1,576		<u>\$ 82,539</u>
Fire Department	1,548		
	<u>\$ 29,810</u>		

**CITY OF MULDRAUGH**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR YEAR ENDED JUNE 30, 2012**

**NOTE J – LONG-TERM LIABILITIES**

A summary of Long-Term liability activity for the year ended June 30, 2012 as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>PRIMARY GOVERNMENT</b>					
Governmental Activities:					
Note Payable - SW Project	\$ 21,950	\$ -0-	\$ 8,957	\$ 12,993	\$ 12,993
Note Payable - Vehicle	6,752	-0-	4,651	2,101	2,101
Compensated Absences	2,571	-0-	1,239	1,332	-0-
	<u>\$ 31,273</u>	<u>\$ -0-</u>	<u>\$ 14,847</u>	<u>\$ 16,426</u>	<u>\$ 15,094</u>
Business-type Activities					
Note Payable - Water Meter	\$ 46,488	\$ -0-	\$ 13,523	\$ 32,965	\$ 13,184
1986 Series "A" Bond	134,000	-0-	6,000	128,000	6,000
1984 Series "B" Bond	29,000	-0-	1,000	28,000	1,500
Compensated Absences	5,231	1,768	-0-	6,999	-0-
	<u>\$ 214,719</u>	<u>\$ 1,768</u>	<u>\$ 20,523</u>	<u>\$ 195,964</u>	<u>\$ 20,684</u>
	<u>\$ 245,992</u>	<u>\$ 1,768</u>	<u>\$ 35,370</u>	<u>\$ 212,390</u>	<u>\$ 35,778</u>

**NOTE K - DEBT MATURITIES**

Debt Maturities are as follows:

<u>Fiscal Year Ending June 30</u>	<u>1986 Series A Bond</u>	<u>1986 Series B Bond</u>	<u>Water Meter Loan</u>	<u>Total Business-type Debt</u>	<u>Governmental Debt</u>
2013	\$ 6,000	\$ 1,500	\$ 13,184	\$ 20,684	\$ 15,094
2014	7,000	1,500	13,824	22,324	-0-
2015	7,000	1,500	5,957	14,457	-0-
2016	7,000	1,500	-0-	8,500	-0-
2017	8,000	1,500	-0-	9,500	-0-
	<u>35,000</u>	<u>7,500</u>	<u>32,965</u>	<u>75,465</u>	<u>15,094</u>
Beyond 2017	93,000	20,500	-0-	113,500	-0-
	<u>\$ 128,000</u>	<u>\$ 28,000</u>	<u>\$ 32,965</u>	<u>\$ 188,965</u>	<u>\$ 15,094</u>

**CITY OF MULDRAUGH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR YEAR ENDED JUNE 30, 2012**

**NOTE K - DEBT MATURITIES (CONTINUED)**

General Fund Long-Term Debt:

The General Fund indebtedness includes a note payable for a vehicle entered in January of 2008 from the Meade County Bank for the amount of \$22,608 payable in 60 installments at \$425 per month including interest at 4.80%. The balance of the note payable at June 30, 2012 was \$2,101.

The General Fund indebtedness includes a note payable for a storm water project entered in May of 2010 from the Meade County Bank for the amount of \$40,000 payable in 1 installment including interest at 4.75%. The balance of the note payable at June 30, 2012 was \$12,993.

Operations and Maintenance Long-Term Debt:

The Operations and Maintenance Fund indebtedness includes a note payable for Water Meter Upgrade entered in December of 2007 from the Meade County Bank for the amount of \$86,000 payable in 84 installments at \$1,205 per month including interest at 4.75%. The balance of the note payable at June 30, 2012 was \$32,965.

**NOTE L – SUBSEQUENT EVENT POLICY**

City of Muldraugh has evaluated subsequent events through November 16, 2012, the date which the financial statements were available to be issued.

**CITY OF MULDRAUGH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR YEAR ENDED JUNE 30, 2012**

**NOTE M – TRANSACTION CLASSES/AMOUNTS**

**Due To/From Balances**

Due to/from balances used to cover current operating expenses were as follows as of June 30, 2012:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 33,510	\$ -0-
Municipal Road Aid	-0-	5,750
Sewer Infiltration	-0-	4,353
Operations & Maintenance	10,103	33,510
	<hr/>	<hr/>
Totals	<u>\$ 43,613</u>	<u>\$ 43,613</u>

**Interfund Transactions and Balances**

Interfund transfers during the year ended June 30, 2012, were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 8,660	\$ 3,068
Municipal Road Aid	-0-	6,000
Land Development	2,768	-0-
Operations & Maintenance	824,947	-0-
Revenue	54,756	551,868
Depreciation	1,560	-0-
Surcharge	29,524	54,756
Water/Sewer Construction	-0-	308,782
Sewer Infiltration	23,357	24,248
Safe room	300	-0-
Bond & Interest	18,000	15,150
	<hr/>	<hr/>
Totals	<u>\$ 963,872</u>	<u>\$ 963,872</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**CITY OF MULDRAGH**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR YEAR ENDED JUNE 30, 2012**

**NOTE N – EMPLOYEE RETIREMENT BENEFITS**

The Government contributes to the Commonwealth of Kentucky's County Employees' Retirement System (CERS) pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement System. CERS is a cost-sharing multi-employer public employee retirement system which covers substantially all regular full-time employees of each county and school board and any additional eligible local agencies electing to participate in the System. Beginning October 27, 1975, all eligible full-time employees of the Government were required to participate in CERS. CERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, KY 40601, or by telephone at (502) 696-8800.

Nonhazardous covered employees are required to contribute 5% of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6% of their salary to the plan. For the year ended June 30, 2012 and 2011, the Government's contribution rate for nonhazardous employees was 18.96% and 16.93%, respectively.

Hazardous covered employees are required to contribute 8% of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 9% of their salary to be allocated as follows: 8% will go to the member's account and 1% will go to the KRS insurance fund. For the year ended June 30, 2012 and 2011, the Government's contribution rate for hazardous employees was 35.76% and 33.25%, respectively.

The contribution requirements and the amounts contributed to CERS were \$56,357, \$45,823, and \$39,910, respectively for the years ended June 30, 2012, 2011 and 2010.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008 aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

**CITY OF MULDRAUGH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR YEAR ENDED JUNE 30, 2012**

**NOTE N – EMPLOYEE RETIREMENT BENEFITS (CONTINUED)**

CERS also provides post-retirement health coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

<u>Years of Service</u>	<u>% paid by Insurance Fund</u>	<u>% Paid by Member through Payroll Deduction</u>
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

**NOTE O – DEPOSITS AND INVESTMENTS**

Custodial credit risk is the risk that in the event of a depository institution failure, the City's deposits may not be returned. The City does have a deposit policy for custodial credit risk and follows the requirements of KRS 41.240(4). On June 30, 2012, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**CITY OF MULDRAUGH**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**GENERAL FUND - BUDGET TO ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>OVER</u>
				<u>(UNDER)</u>
<b>TOTAL REVENUES</b>	\$ 428,768	\$ 447,024	\$ 431,216	\$ (15,808)
<b>TOTAL EXPENDITURES</b>	<u>443,700</u>	<u>462,956</u>	<u>459,298</u>	<u>(3,658)</u>
Excess of Revenues Over (Under) Expenditures	(14,932)	(15,932)	(28,082)	(12,150)
Other Financing Sources (Uses): Proceeds from equipment	<u>-0-</u>	<u>-0-</u>	<u>4,323</u>	<u>4,323</u>
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>-0-</u>	<u>4,323</u>	<u>4,323</u>
Income before operating transfers	(14,932)	(15,932)	(23,759)	(7,827)
Other Financing Sources (Uses): Operating transfers in Operating transfers out	6,000 <u>(2,768)</u>	6,000 <u>(2,768)</u>	8,660 <u>(3,068)</u>	2,660 <u>(300)</u>
Total Other Financing Sources And Uses	<u>3,232</u>	<u>3,232</u>	<u>5,592</u>	<u>2,360</u>
Net Change In Fund Balances	(11,700)	(12,700)	(18,167)	(5,467)
Beginning Fund Balance	<u>98,769</u>	<u>98,769</u>	<u>98,769</u>	<u>-0-</u>
<b>Ending Fund Balance</b>	<u><u>\$ 87,069</u></u>	<u><u>\$ 86,069</u></u>	<u><u>\$ 80,602</u></u>	<u><u>\$ (5,467)</u></u>

The notes to the financial statement are an integral part of this statement.

CITY OF MULDRAUGH  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-  
GENERAL FUND - BUDGET TO ACTUAL (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		OVER (UNDER)
<b>REVENUES:</b>				
Property taxes	\$ 35,300	\$ 36,636	\$ 38,399	\$ 1,763
Business licenses	21,635	26,665	24,518	(2,147)
Unloading licenses	1,750	1,450	1,500	50
Interest income	40	56	67	11
Occupational licenses	40,000	38,500	38,891	391
Police department revenue	30,000	25,900	29,538	3,638
Fire department revenue	4,000	1,900	3,177	1,277
Lease income - cellular	16,160	16,160	17,457	1,297
Franchise fees - utilities	28,800	27,926	27,926	-0-
Franchise fees - telecommunications	4,900	4,866	4,867	1
Sanitation	32,000	34,900	26,635	(8,265)
Building and sign permits	2,700	300	320	20
Insurance tax	98,000	101,700	99,098	(2,602)
Auto licenses	5,000	5,000	5,215	215
Net profits	18,365	22,635	20,813	(1,822)
Donations and miscellaneous	12,000	20,650	10,738	(9,912)
Other revenue	670	725	726	1
<b>INTERGOVERNMENTAL REVENUES:</b>				
Coal and mineral grants	11,000	9,732	9,733	1
House Bill 413	9,400	9,400	9,416	16
Police grants	30,000	25,900	25,964	64
State police grants - KLEFPF	12,686	10,427	10,122	(305)
Homeland security grant	4,136	10,346	10,346	-0-
County fire grants	7,500	7,500	8,000	500
State fire grants	2,726	7,750	7,750	-0-
<b>Total Revenues</b>	<u>\$ 428,768</u>	<u>\$ 447,024</u>	<u>\$ 431,216</u>	<u>\$ (15,808)</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF MULDRAUGH**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-**  
**GENERAL FUND - BUDGET TO ACTUAL (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>OVER</u> <u>(UNDER)</u>
<b>EXPENDITURES:</b>				
Current:				
General Government				
Salaries	\$ 180,850	\$ 198,500	\$ 198,815	\$ 315
Payroll taxes	13,870	14,285	12,278	(2,007)
Health insurance	41,712	18,325	18,361	36
Retirement	32,300	35,640	36,063	423
Utilities	17,500	18,000	19,042	1,042
Insurance	40,300	40,770	40,297	(473)
Telephone	2,500	4,000	2,444	(1,556)
Professional fees	3,750	3,300	7,979	4,679
Advertising and legal	6,000	7,000	1,075	(5,925)
Mayor and city council expense	1,000	500	-0-	(500)
Park expense	2,000	1,000	208	(792)
Towing expense	12,000	10,100	11,215	1,115
Supplies	6,000	3,000	2,598	(402)
Miscellaneous	9,718	15,936	17,048	1,112
Debt Service	5,200	5,200	5,158	(42)
Public Safety				
Police department	32,800	48,800	50,995	2,195
Fire department	31,700	31,400	27,724	(3,676)
Capital Outlay	4,500	7,200	7,998	798
<b>TOTAL EXPENDITURES</b>	<u>\$ 443,700</u>	<u>\$ 462,956</u>	<u>\$ 459,298</u>	<u>\$ (3,658)</u>

The notes to the financial statements are an integral part of this statement.

William A. Talley

Jon D. Chesser

Bob E. Wientjes

**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**

Kentucky Offices:

Louisville

Brandenburg

Bardstown

Mayor and Members of the City Council  
Muldraugh, Kentucky

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Muldraugh, KY, as of and for the year ended June 30, 2012, which collectively comprise the City of Muldraugh, KY's basic financial statements and have issued our report thereon dated November 16, 2012. 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**

Management of City of Muldraugh, KY, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Muldraugh, KY's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion the effectiveness of the City of Muldraugh, KY's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Muldraugh, KY'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 entity'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, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies 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.

- Due to the limited number of personnel, the City has not established adequate segregation of duties. Individuals in the accounting department have the ability to initiate transactions, record the transactions, and reconcile the related accounting records.

Management's response to the mentioned finding was that due to a limited staff and budgetary constraints a proper segregation of duties may be difficult, but that they would take steps to improve the segregation of these duties among personnel as completely as possible.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Muldraugh, KY'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*.

City of Muldraugh's response to the findings identified in our audit is described above. We did not audit the City of Muldraugh's response and, accordingly we express no opinion on it.

This report is intended solely for the information of City Council and is not intended to be and should not be used by anyone other than this specified party.

*Richardson, Pennington & Skinner, P.S.C.*

Louisville, Kentucky  
November 16, 2012

CITY OF MULDRAUGH  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2012

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2011)

	SPECIAL REVENUE FUNDS						TOTALS	
	Municipal Road Aid Fund	Land Development Fund	Police Special Account Fund	Storm Water Management Fund	Festival Fund	Safe Room	2012	2011
<b>ASSETS</b>								
Cash	\$ -0-	\$ -0-	\$ 1,515	\$ 2,428	\$ 1,223	\$ -0-	\$ 5,166	\$ 10,384
Restricted cash	9,572	44,719	-0-	-0-	-0-	300	54,591	48,736
Due from other funds	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL ASSETS</b>	<u>\$ 9,572</u>	<u>\$ 44,719</u>	<u>\$ 1,515</u>	<u>\$ 2,428</u>	<u>\$ 1,223</u>	<u>\$ 300</u>	<u>\$ 59,757</u>	<u>\$ 59,120</u>
<b>LIABILITIES AND FUND EQUITY</b>								
Liabilities:								
Due to other funds	\$ 5,750	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 5,750	\$ 5,750
Accounts Payable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Liabilities	5,750	-0-	-0-	-0-	-0-	-0-	5,750	5,750
Fund Equity								
Fund Balances:								
Restricted for land development	-0-	44,719	-0-	-0-	-0-	-0-	44,719	27,675
Restricted for safe room	-0-	-0-	-0-	-0-	-0-	300	300	-0-
Restricted for street repairs	3,822	-0-	-0-	-0-	-0-	-0-	3,822	15,311
Unassigned	-0-	-0-	1,515	2,428	1,223	-0-	5,166	10,384
Total Fund Equity	3,822	44,719	1,515	2,428	1,223	300	54,007	53,370
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 9,572</u>	<u>\$ 44,719</u>	<u>\$ 1,515</u>	<u>\$ 2,428</u>	<u>\$ 1,223</u>	<u>\$ 300</u>	<u>\$ 59,757</u>	<u>\$ 59,120</u>

The notes to the financial statement are an integral part of this statement.

CITY OF MULDRAUGH  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012  
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2011)

	SPECIAL REVENUE FUNDS						TOTALS	
	Municipal Road Aid Fund	Land Development Fund	Police Special Account Fund	Storm Water Management Fund	Festival Fund	Safe Room	2012	2011
<b>REVENUES:</b>								
Interest Income	\$ 64	\$ -0-	\$ -0-	\$ 17	\$ -0-	\$ -0-	\$ 81	\$ 62
Donations & Miscellaneous	-0-	23,111	1,549	-0-	2,182	-0-	26,842	5,313
Storm water fees	-0-	-0-	-0-	12,944	-0-	-0-	12,944	12,957
Intergovernmental Revenue:								
Municipal Road Aid Grants	30,203	-0-	-0-	-0-	-0-	-0-	30,203	28,067
Total Revenues	30,267	23,111	1,549	12,961	2,182	-0-	70,070	46,399
<b>EXPENDITURES:</b>								
Current:								
Festival expense	-0-	-0-	-0-	-0-	3,813	-0-	3,813	4,780
Repairs and maintenance	26,588	-0-	-0-	-0-	-0-	-0-	26,588	29,589
Insurance	4,686	-0-	-0-	-0-	-0-	-0-	4,686	4,342
Office expense	-0-	-0-	-0-	0	-0-	-0-	-0-	120
Fuel	1,611	-0-	-0-	-0-	-0-	-0-	1,611	1,259
Professional fees	-0-	835	-0-	-0-	-0-	-0-	835	-0-
Supplies	-0-	-0-	347	-0-	-0-	-0-	347	-0-
Miscellaneous	2,021	636	298	7,452	-0-	-0-	10,407	6,083
Capital Outlay	1,600	7,364	-0-	-0-	-0-	-0-	8,964	2,250
Total Expenditures	36,506	8,835	645	7,452	3,813	-0-	57,251	48,423
Excess of Revenues Over (Under) Expenditures	(6,239)	14,276	904	5,509	(1,631)	-0-	12,819	(2,024)
Other Financing Sources (Uses)								
Note Payments	-0-	-0-	-0-	(10,000)	-0-	-0-	(10,000)	(20,000)
Sale of Equipment	750	-0-	-0-	-0-	-0-	-0-	750	-0-
Operating Transfers In	-0-	2,768	-0-	-0-	-0-	300	3,068	27,100
Operating Transfers Out	(6,000)	-0-	-0-	-0-	-0-	-0-	(6,000)	(6,000)
Total Other Financing Sources (Uses)	(5,250)	2,768	-0-	(10,000)	-0-	300	(12,182)	1,100
Excess of Revenues and Other Sources Over (Under) Expenditure & Other Uses	(11,489)	17,044	904	(4,491)	(1,631)	300	637	(924)
Fund Balance, Beginning of Year	15,311	27,675	611	6,919	2,854	-0-	53,370	54,294
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 3,822</b>	<b>\$ 44,719</b>	<b>\$ 1,515</b>	<b>\$ 2,428</b>	<b>\$ 1,223</b>	<b>\$ 300</b>	<b>\$ 54,007</b>	<b>\$ 53,370</b>

The notes to the financial statements are an integral part of this statement.

CITY OF MULDRAUGH  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-  
 BUSINESS-TYPE ACTIVITIES (PROPRIETARY FUNDS) - BUDGET TO ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2012

	OPERATIONS AND MAINTENANCE				REVENUE				DEPRECIATION				METER DEPOSIT			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)
	ORIGINAL	FINAL			ORIGINAL	FINAL			ORIGINAL	FINAL			ORIGINAL	FINAL		
<b>REVENUES:</b>																
Water Service	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 143,838	\$ 137,749	\$ 130,426	\$ (7,323)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Sewer Service	-0-	-0-	-0-	-0-	177,695	170,173	161,126	(9,047)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Garbage Service	-0-	-0-	-0-	-0-	111,686	106,958	101,272	(5,686)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Sewer Surcharge	-0-	-0-	-0-	-0-	30,149	28,873	27,338	(1,535)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Interest Income	20	20	28	8	100	54	55	1	10	10	18	8	-0-	-0-	-0-	-0-
Infiltration Income	-0-	-0-	-0-	-0-	28,451	27,247	25,798	(1,449)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Miscellaneous	-0-	-0-	-0-	-0-	30,900	36,000	26,728	(9,272)	-0-	-0-	-0-	-0-	10,000	10,000	6,219	(3,781)
<b>Total Revenues</b>	<b>20</b>	<b>20</b>	<b>28</b>	<b>8</b>	<b>522,819</b>	<b>507,054</b>	<b>472,743</b>	<b>(34,311)</b>	<b>10</b>	<b>10</b>	<b>18</b>	<b>8</b>	<b>10,000</b>	<b>10,000</b>	<b>6,219</b>	<b>(3,781)</b>
<b>EXPENDITURES:</b>																
<b>Current</b>																
Water and Sewer Operations	424,510	484,950	421,252	(63,698)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Miscellaneous expenses	6,170	18,683	14,857	(3,826)	-0-	-0-	1,218	1,218	-0-	-0-	-0-	-0-	12,000	12,000	260	(11,740)
Depreciation Expense	-0-	-0-	82,539	82,539	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Interest Expense	9,142	9,142	9,142	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>Total Expenditures</b>	<b>439,822</b>	<b>512,775</b>	<b>527,790</b>	<b>15,015</b>	<b>-0-</b>	<b>-0-</b>	<b>1,218</b>	<b>1,218</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>12,000</b>	<b>12,000</b>	<b>260</b>	<b>(11,740)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(439,802)</b>	<b>(512,755)</b>	<b>(527,762)</b>	<b>(15,007)</b>	<b>522,819</b>	<b>507,054</b>	<b>471,525</b>	<b>(35,529)</b>	<b>10</b>	<b>10</b>	<b>18</b>	<b>8</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>5,959</b>	<b>7,959</b>
<b>Other Financing Sources (Uses)</b>																
Transfers In	472,660	513,013	824,947	311,934	20,000	54,760	54,756	(4)	1,560	1,560	1,560	-0-	-0-	-0-	-0-	-0-
Transfers Out	-0-	-0-	-0-	-0-	547,820	561,573	551,868	(9,705)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Proceeds on sale of equipment	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>Total Other Financing Sources (Uses)</b>	<b>472,660</b>	<b>513,013</b>	<b>824,947</b>	<b>311,934</b>	<b>(527,820)</b>	<b>(506,813)</b>	<b>(497,112)</b>	<b>9,701</b>	<b>1,560</b>	<b>1,560</b>	<b>1,560</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>Excess of Revenues and Other Sources Over (Under) Expenditure &amp; Other Uses</b>	<b>32,858</b>	<b>258</b>	<b>297,185</b>	<b>296,927</b>	<b>(5,001)</b>	<b>241</b>	<b>(25,587)</b>	<b>(25,828)</b>	<b>1,570</b>	<b>1,570</b>	<b>1,578</b>	<b>8</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>5,959</b>	<b>7,959</b>
<b>Fund Balance, Beginning of year</b>	<b>991,247</b>	<b>991,247</b>	<b>991,247</b>	<b>-0-</b>	<b>71,730</b>	<b>71,730</b>	<b>71,730</b>	<b>-0-</b>	<b>6,675</b>	<b>6,675</b>	<b>6,675</b>	<b>-0-</b>	<b>5,443</b>	<b>5,443</b>	<b>5,443</b>	<b>-0-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 1,024,105</b>	<b>\$ 991,505</b>	<b>\$ 1,288,432</b>	<b>\$ 296,927</b>	<b>\$ 66,729</b>	<b>\$ 71,971</b>	<b>\$ 46,143</b>	<b>\$ (25,828)</b>	<b>\$ 8,245</b>	<b>\$ 8,245</b>	<b>\$ 8,253</b>	<b>\$ 8</b>	<b>\$ 3,443</b>	<b>\$ 3,443</b>	<b>\$ 11,402</b>	<b>\$ 7,959</b>

The notes to the financial statements are an integral part of this statement.

CITY OF MULDRAUGH  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-  
 BUSINESS-TYPE ACTIVITIES (PROPRIETARY FUNDS) - BUDGET TO ACTUAL (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2012

	SURCHARGE			WATER/SEWER CONSTRUCTION				BOND AND INTEREST				SEWER INFILTRATION FUND						
	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)		
	ORIGINAL	FINAL			ORIGINAL	FINAL			ORIGINAL	FINAL			ORIGINAL	FINAL				
<b>REVENUES:</b>																		
Water Service	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	
Sewer Service	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Garbage Service	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Sewer Surcharge	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Interest Income	40	40	40	-0-	-0-	-0-	-0-	-0-	100	100	1,149	1,049	20	-0-	-0-	-0-	-0-	
Infiltration Income	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Miscellaneous	-0-	-0-	-0-	-0-	-0-	-0-	141	141	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
<b>Total Revenues</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>141</b>	<b>141</b>	<b>100</b>	<b>100</b>	<b>1,149</b>	<b>1,049</b>	<b>20</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	
<b>EXPENDITURES:</b>																		
<b>Current</b>																		
Water and Sewer Operations	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Miscellaneous expenses	20,000	54,760	29	(54,731)	-0-	-0-	5,476	5,476	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Depreciation Expense	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Interest Expense	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
<b>Total Expenditures</b>	<b>20,000</b>	<b>54,760</b>	<b>29</b>	<b>54,731</b>	<b>-0-</b>	<b>-0-</b>	<b>5,476</b>	<b>(5,476)</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	
Excess of Revenues Over (Under) Expenditures	(19,960)	(54,720)	11	54,731	-0-	-0-	(5,335)	5,617	100	100	1,149	1,049	20	-0-	-0-	-0-	-0-	
<b>Other Financing Sources (Uses)</b>																		
Transfers In	30,800	29,000	29,524	524	-0-	-0-	-0-	-0-	18,000	18,000	18,000	-0-	24,800	21,170	23,357	2,187		
Transfers Out	-0-	-0-	54,756	54,756	308,782	308,782	308,782	-0-	14,050	14,050	15,150	1,100	24,820	24,820	24,248	(572)		
KIA grant	-0-	-0-	-0-	-0-	247,524	247,524	247,524	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Kentucky state grant	-0-	-0-	-0-	-0-	961,057	570,154	567,155	2,999	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
<b>Total Other Financing Sources (Uses)</b>	<b>30,800</b>	<b>29,000</b>	<b>(25,232)</b>	<b>(54,232)</b>	<b>652,275</b>	<b>261,372</b>	<b>505,897</b>	<b>2,999</b>	<b>3,950</b>	<b>3,950</b>	<b>2,850</b>	<b>(1,100)</b>	<b>(20)</b>	<b>(3,650)</b>	<b>(891)</b>	<b>2,759</b>		
Excess of Revenues and Other Sources Over (Under) Expenditure & Other Uses	10,840	(25,720)	(25,221)	499	652,275	261,372	500,562	8,616	4,050	4,050	3,999	(51)	-0-	(3,650)	(891)	2,759		
Fund Balance, Beginning of year	38,865	38,865	38,865	-0-	921,987	921,987	921,987	-0-	67,869	67,869	67,869	-0-	-0-	-0-	-0-	-0-	-0-	
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 49,705</b>	<b>\$ 13,145</b>	<b>\$ 13,644</b>	<b>\$ 499</b>	<b>\$ 1,574,262</b>	<b>\$ 1,183,359</b>	<b>\$ 1,422,549</b>	<b>\$ 8,616</b>	<b>\$ 71,919</b>	<b>\$ 71,919</b>	<b>\$ 71,868</b>	<b>\$ (51)</b>	<b>\$ -0-</b>	<b>\$ (3,650)</b>	<b>\$ (891)</b>	<b>\$ 2,759</b>		

The notes to the financial statements are an integral part of this statement.

CITY OF MULDRAUGH  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-  
 NONMAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS) - BUDGET TO ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2012

	MUNICIPAL ROAD AID				LAND DEVELOPMENT				POLICE SPECIAL ACCOUNT			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)
	ORIGINAL	FINAL			ORIGINAL	FINAL			ORIGINAL	FINAL		
<b>REVENUES:</b>												
Interest Income	\$ 40	\$ 60	\$ 64	\$ 4	\$ 50	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Donations & Miscellaneous	-0-	-0-	-0-	-0-	-0-	23,111	23,111	-0-	500	1,549	1,549	-0-
Intergovernmental Revenue:												
Department of Local Government	28,000	33,000	30,203	(2,797)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Municipal Bonds	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>Total Revenues</b>	<b>28,040</b>	<b>33,060</b>	<b>30,267</b>	<b>(2,793)</b>	<b>50</b>	<b>23,111</b>	<b>23,111</b>	<b>-0-</b>	<b>500</b>	<b>1,549</b>	<b>1,549</b>	<b>-0-</b>
<b>EXPENDITURES:</b>												
Current:												
Repairs and Maintenance	31,240	31,000	26,588	(4,412)	10,000	10,000	-0-	(10,000)	-0-	-0-	-0-	-0-
Professional Fees	-0-	-0-	-0-	-0-	-0-	835	835	-0-	-0-	-0-	-0-	-0-
Insurance	4,800	4,700	4,686	(14)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Supplies	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,100	1,100	347	(753)
Miscellaneous	-0-	-0-	3,632	3,632	-0-	1,000	636	(364)	-0-	541	298	(243)
Capital Outlay	5,000	2,300	1,600	(700)	-0-	8,000	7,364	(636)	-0-	-0-	-0-	-0-
<b>Total Expenditures</b>	<b>41,040</b>	<b>38,000</b>	<b>36,506</b>	<b>(1,494)</b>	<b>10,000</b>	<b>19,835</b>	<b>8,835</b>	<b>(11,000)</b>	<b>1,100</b>	<b>1,641</b>	<b>645</b>	<b>(996)</b>
Excess of Revenues Over (Under) Expenditures	(13,000)	(4,940)	(6,239)	(1,299)	(9,950)	3,276	14,276	11,000	(600)	(92)	904	996
Other Financing Sources (Uses)												
Transfers In	-0-	-0-	-0-	-0-	7,768	2,768	2,768	-0-	-0-	-0-	-0-	-0-
Transfers Out	(6,000)	(6,000)	(6,000)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Note payments	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Sale of fixed assets	-0-	-0-	750	750	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>Total Other Financing     Sources (Uses)</b>	<b>(6,000)</b>	<b>(6,000)</b>	<b>(5,250)</b>	<b>750</b>	<b>7,768</b>	<b>2,768</b>	<b>2,768</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
Excess of Revenues and Other Sources Over (Under) Expenditure & Other Uses	(19,000)	(10,940)	(11,489)	(549)	(2,182)	6,044	17,044	11,000	(600)	(92)	904	996
Fund Balance, Beginning of year	15,311	15,311	15,311	-0-	27,675	27,675	27,675	-0-	611	611	611	-0-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ (3,689)</b>	<b>\$ 4,371</b>	<b>\$ 3,822</b>	<b>\$ (549)</b>	<b>\$ 25,493</b>	<b>\$ 33,719</b>	<b>\$ 44,719</b>	<b>\$ 11,000</b>	<b>\$ 11</b>	<b>\$ 519</b>	<b>\$ 1,515</b>	<b>\$ 996</b>

The notes to the financial statements are an integral part of this statement.

CITY OF MULDRAGH  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-  
 NONMAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS) - BUDGET TO ACTUAL (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2012

	STORM WATER MANAGEMENT				FESTIVAL				SAFE			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)
	ORIGINAL	FINAL			ORIGINAL	FINAL			ORIGINAL	FINAL		
<b>REVENUES:</b>												
Interest Income	\$ 20	\$ 15	\$ 17	\$ 2	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Donations & Miscellaneous	17,000	12,850	12,944	94	2,000	2,000	2,182	182	-0-	-0-	-0-	-0-
Intergovernmental Revenue:												
Department of Local Government	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Municipal Bonds	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Revenues	17,020	12,865	12,961	96	2,000	2,000	2,182	182	-0-	-0-	-0-	-0-
<b>EXPENDITURES:</b>												
Current:												
Repairs and Maintenance	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Insurance	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Supplies	-0-	-0-	-0-	-0-	4,000	4,000	3,813	(187)	-0-	-0-	-0-	-0-
Miscellaneous	15,000	7,500	7,452	(48)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Professional Fees	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Expenditures	15,000	7,500	7,452	(48)	4,000	4,000	3,813	(187)	-0-	-0-	-0-	-0-
Excess of Revenues Over (Under) Expenditures	2,020	5,365	5,509	144	(2,000)	(2,000)	(1,631)	369	-0-	-0-	-0-	-0-
Other Financing Sources (Uses)												
Transfers In	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	300	300
Transfers Out	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Note payments	10,000	10,000	10,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Note proceeds	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Other Financing Sources (Uses)	10,000	10,000	10,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	300	300
Excess of Revenues and Other Sources Over (Under) Expenditure & Other Uses	12,020	15,365	(4,491)	144	(2,000)	(2,000)	(1,631)	369	-0-	-0-	300	300
Fund Balance, Beginning of year	6,919	6,919	6,919	-0-	2,854	2,854	2,854	-0-	-0-	-0-	-0-	-0-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 18,939</b>	<b>\$ 22,284</b>	<b>\$ 2,428</b>	<b>\$ 144</b>	<b>\$ 854</b>	<b>\$ 854</b>	<b>\$ 1,223</b>	<b>\$ 369</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 300</b>	<b>\$ 300</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF MULDRAUGH**  
**1986 SERIES A REVENUE BOND**  
**RECD BONDS PAYABLE**  
**JUNE 30, 2012**

Total Value of Bond Issue:	\$ 213,000
Year of Issue:	1987
Interest Payable On:	January 1 and July 1
First Coupon Paid On:	January 1, 1989
Interest Rate:	5%

REMAINING PRINCIPAL PAYMENTS ARE AS FOLLOWS:

YEAR			
2013	6,000	2020	9,000
2014	7,000	2021	9,000
2015	7,000	2022	10,000
2016	7,000	2023	10,000
2017	8,000	2024	11,000
2018	8,000	2025	11,000
2019	8,000	2026	<u>17,000</u>
		TOTAL	<u><u>\$ 128,000</u></u>

See Note E.

CITY OF MULDRAUGH  
 1986 SERIES B REVENUE BOND  
 RECD BONDS PAYABLE  
 JUNE 30, 2012

Total Value of Bond Issue:	\$ 45,000
Year of Issue:	1987
Interest Payable On:	January 1 and July 1
First Coupon Paid On:	January 1, 1989
Interest Rate:	5%

REMAINING PRINCIPAL PAYMENTS ARE AS FOLLOWS:

YEAR			
2013	1,500	2020	2,000
2014	1,500	2021	2,000
2015	1,500	2022	2,000
2016	1,500	2023	2,500
2017	1,500	2024	2,500
2018	1,500	2025	3,000
2019	1,500	2026	<u>3,500</u>
		TOTAL	<u>\$ 28,000</u>

See Note E.

**CITY OF MULDRAUGH  
LIST OF COUNCIL MEMBERS  
JUNE 30, 2012**

WATER SYSTEM City of Muldraugh, Kentucky

TELEPHONE NUMBER (502) 942-2824

<u>Position</u>	<u>Name</u>	<u>Address</u>	<u>Term Expires</u>
Mayor	Danny Joe Tate	Muldraugh, Kentucky	December 31, 2014
City Clerk/ Treasurer	Caroline J. Cline	Elizabethtown, Kentucky	
Member	Curtis Kelley	Muldraugh, Kentucky	December 31, 2012
Member	Glenna Lewis	Muldraugh, Kentucky	December 31, 2012
Member	Joseph Noon	Muldraugh, Kentucky	December 31, 2012
Member	Judy Compton	Muldraugh, Kentucky	December 31, 2012
Member	Jim Heavrin	Muldraugh, Kentucky	December 31, 2012
Member	Donnie Basham	Muldraugh, Kentucky	December 31, 2012

William A. Talley  
Jon D. Chesser  
Bob E. Wientjes

Kentucky Offices:  
Louisville  
Brandenburg  
Bardstown

**CITY OF MULDRAUGH  
AUDITORS' CERTIFICATION  
JUNE 30, 2012**

We certify that as part of our examination of the general purpose financial statements we examined those local government economic assistance funds granted to the City of Muldraugh, and that those funds were expended for the purpose intended.

*Richardson, Pennington & Skinner, PSC*

Louisville, Kentucky  
November 16, 2012