

CITY OF FT. THOMAS, KENTUCKY

ANNUAL FINANCIAL STATEMENTS

Year Ended June 30, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
City of Ft. Thomas, 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 Ft. Thomas, 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's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 opinions.

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 Ft. Thomas, Kentucky as of June 30, 2012 and the respective 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 our report dated January 30, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 10 and 32 through 34 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

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reporting for placing the basic financial statements in an 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 American, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ft. Thomas, Kentucky's financial statements as a whole. The combining and individual budget financial statements, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual budget financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

RANKIN, RANKIN & COMPANY

A handwritten signature in cursive script that reads "Rankin, Rankin & Company".

**Ft. Wright, Kentucky
January 30, 2013**

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"Founded in 1867"

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the City of Ft. Thomas, Kentucky, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Ft. Thomas, Kentucky for the year ended June 30, 2012.

Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent year by \$20,400,141 (net assets).

As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$10,825,501. This total represents a decrease of <\$1,303,012> in comparison to the prior fiscal year. The decrease was primarily attributable to capital project expenditures for the parks renovation.

At the end of the current fiscal year, total fund balance for the general fund was \$9,411,999.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, the increases and decreases in net assets are one indicator of whether the City's financial position is improving or deteriorating. Other nonfinancial factors such as changes in the City's property tax base and the condition of the City's infrastructure will also assist in assessing the overall financial health of the City.

The statement of activities presents how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. As a result, revenues and

expenses are reported in this statement for some items that will only result in cash flows for future fiscal periods (e.g. uncollected revenue and earned by unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes, license fees and intergovernmental activities which are considered governmental activities from those functions that are intended to cover all or a significant portion of their costs through user fees and charges which are considered business-type activities. The governmental activities include most of the City's basic services. These include but are not limited to police, fire, street maintenance, parks and recreation, and general administration.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for grant funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Ft. Thomas maintains individual governmental funds. (Information is presented separately in the governmental balance sheet and in the statement of revenues, expenditures and changes in fund balances for the general fund, public works/KDOT, central business district and Tower Park funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Ft. Thomas' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Ft. Thomas, assets exceeded liabilities by \$20,400,141 at the close of the most recent year.

The largest portion of the City's net assets reflects its investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt to finance those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resource needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

For the years ended June 30, 2012 and 2011, net assets changed as follows:

		Governmental Activities	
		2012	2011
Current and other assets	\$	11,863,902	\$ 13,956,028
Capital assets, net		17,278,029	15,489,166
Total assets		29,141,931	29,445,194
Other liabilities		796,360	1,492,509
Long-term liabilities		7,945,430	8,437,730
Total liabilities		8,741,790	9,930,239
Net assets:			
Invested in capital assets, net of debt		9,659,821	7,344,470
Restricted		1,254,135	2,120,526
Unrestricted		9,486,185	10,049,959
Total net assets	\$	20,400,141	\$ 19,514,955

Net assets of the City increased by \$885,186 during the current fiscal year.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At the end of the current fiscal year, the City's government funds reported combined ending fund balances of \$10,825,501 a decrease of <\$1,303,012> in comparison with the prior year.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, fund balance of the general fund was \$9,411,999.

The fund balance of the City's general fund increased by \$548,769 during the current fiscal year. Key factors in this change are as follows:

Significant activity in funds other than the City's General Fund includes Special Revenue (Public Works/KDOT Fund and Central Business District Fund), Capital Projects (Tower Park Fund) and Other Governmental Funds (Waste Fee and Debt Service). These funds account for the majority of non-operating activity including, but not limited to, capital infrastructure projects, special projects, debt repayment and activity that must be segregated from the General Fund. The Public Works/KDOT Special Revenue Fund included total expenditures of \$278,140, primarily representing infrastructure reinvestment such as street resurfacing, curb repair and sidewalk rehabilitation. The Capital Projects/Tower Park Fund represents activity from revenues restricted by City ordinance, earmarked for recreation and similar community projects as authorized by Council. In FY 2012 this fund incurred total expenditures of \$84,687, utilizing corresponding revenue and carry over funds from prior fiscal years. Significant activity under the Central Business District Fund included operating and capital expenditures associated with efforts to enhance business districts within the city and renovation of various City parks. The primary source of revenue in this fund includes a portion of the city's occupational license fee (.25%), which totaled approximately \$462,000. Significant expenditures in this fund include capital construction activity involving streetscape improvements, and park improvement.

Activity within the Debt Service Fund included total expenditures of \$817,936 representing repayment of borrowed funds associated with the CBD revitalization, purchase of a soccer facility, a gateway park, Towne Center revitalization, general obligation bonds and park improvements.

The following schedules present a summary of general, special revenue, debt service and capital projects revenues and expenditures for the fiscal year ended June 30, 2012, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues	FYE 2012 Amount	Percent of Total	Increase (Decrease) From FYE 2011
Taxes	\$ 4,634,574	36.68%	\$ 200,539
Licenses and permits	4,845,565	38.35%	261,702
Intergovernmental	1,236,087	9.78%	605,663
Charges for services	1,452,542	11.50%	120,207
Fines and forfeitures	83,038	0.66%	14,925
Interest	39,132	0.31%	(12,088)
Special assessments	114,957	0.91%	(1,778)
Miscellaneous	229,617	1.81%	(208,494)
Total revenues	\$ <u>12,635,512</u>	<u>100.00%</u>	\$ <u>980,676</u>

The increase in taxes is primarily due to the increase in property taxes.

The increase in licenses and permits is the result of an increase in revenue from occupational net profits fees and payroll taxes. Revenue from this source is difficult to predict, and as such, can fluctuate widely from year to year. In 2012, the City received two Federal grants totaling \$475,425 for a fire pumper and radio equipment.

Expenditures	FYE 2012 Amount	Percent of Total	Increase (Decrease) From FYE 2011
General government	\$ 1,150,047	8.26%	\$ (198,807)
Police	2,842,704	20.42%	(47,750)
Fire	2,940,173	21.12%	372,723
General services	2,897,849	20.81%	97,551
Recreation	625,495	4.49%	(6,671)
Capital outlay	2,649,173	19.03%	(1,077,836)
Debt service	818,083	5.87%	(28,265)
Total Expenditures	\$ 13,923,524	100.00%	\$ (889,055)

Fire had a one-time year pass-through expenditure of \$323,000 not included in the prior year. Capital outlay decreased due to fewer capital expenditures in the current year for the park renovation project.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council revised the budget one time. The budget amendment was to change revenues and expenditures to more closely reflect the anticipated actual revenues and expenditures for the year.

The Fiscal year 2011-2012 budget relied on the anticipation of moderate increases in property and payroll taxes and licenses and fees. Actual revenue categories were more than budgeted amounts by \$319,082. In addition, actual expenditures were under budgeted appropriations, by \$448,668.

DEBT AND CAPITAL ASSET ADMINISTRATION

Debt

At year-end, the City had \$7,618,208 in outstanding bonds and capital leases compared to \$8,144,696 last year.

		Governmental Activities	
		2012	2011
General Obligation Bonds	\$	125,000	\$ 250,000
Capital lease and general obligations (backed by city)		7,493,208	7,894,696
Totals	\$	7,618,208	\$ 8,144,696

Capital Assets

At the end of June 30, 2012, the City had \$29,674,257 invested in capital assets including police and fire equipment, buildings, park facilities, roads and sidewalks. This represents a net increase of \$2,390,186. The major increases were park renovations.

		Governmental Activities	
		<u>2012</u>	<u>2011</u>
Land	\$	1,035,535	\$ 913,535
Construction Progress		18,029	3,040,450
Buildings		2,945,534	2,945,534
Improvements/Infrastructure		20,562,436	15,918,947
Equipment		2,407,315	2,067,101
Vehicles		2,705,408	2,398,504
TOTALS	\$	<u>29,674,257</u>	<u>\$ 27,284,071</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In summary, the fiscal year 2012 budget proved adequate to continue the delivery of high quality public services in a manner consistent with previous levels. This audit report affirms strong overall financial performance for the City during this fiscal period with minimal growth in major revenue sources and aggressive control and management of operating expenditures. The current fiscal year 2013 operating budget is tight in terms of revenue forecasts and expenditure projections, providing limited flexibility to address unanticipated needs and activities that may occur. However, the city's conservative fiscal practice of maintaining adequate reserves (both restricted and unrestricted) that would be available to address emergencies has been continued, and in fact improved during the last year. Discretionary funds, while limited, are appropriated to reflect clear policy initiatives approved by council including central business district (CBD) revitalization, infrastructure reinvestment and retention of a quality municipal workforce.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Administrator's Office at 130 N. Ft. Thomas, Ft. Thomas, Kentucky.

CITY OF FT. THOMAS, KENTUCKY**Statement of Net Assets**

June 30, 2012

	<u>Primary Government</u>
	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 10,088,147
Receivables:	
Taxes	108,889
Governmental units	76,097
Assessments	37,288
Accounts	1,167,884
Accrued interest	1,892
Prepays	112,303
Deferred expense	271,402
Capital assets not being depreciated	1,053,564
Capital assets, net of accumulated depreciation	<u>16,224,465</u>
Total assets	<u>29,141,931</u>
LIABILITIES	
Accounts payable	\$ 444,342
Accrued liabilities	211,079
Accrued interest payable	126,490
Deferred revenue	14,449
Noncurrent liabilities:	
Compensated absences	327,222
Due within one year	535,647
Due in more than one year	<u>7,082,561</u>
Total liabilities	<u>8,741,790</u>
NET ASSETS	
Invested in capital assets, net of related debt	9,659,821
Restricted for:	
Capital	1,254,135
Unrestricted	<u>9,486,185</u>
Total net assets	<u>\$ 20,400,141</u>

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

CITY OF FT. THOMAS, KENTUCKY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions/Programs					
Primary government:					
Governmental activities:					
General government	\$ 1,267,505	\$ 237,963	\$ -	\$ -	\$ (1,029,542)
Police	2,892,305	-	99,499	-	(2,792,806)
Fire	3,419,811	309,662	80,614	618,365	(2,411,170)
General services	2,889,746	946,715	-	433,459	(1,509,572)
Recreation and property management	871,804	156,197	4,150	-	(711,457)
Interest and other costs on long-term debt	355,295	-	-	-	(355,295)
Total governmental activities	<u>11,696,466</u>	<u>1,650,537</u>	<u>184,263</u>	<u>1,051,824</u>	<u>(8,809,842)</u>
Total primary government	\$ <u>11,696,466</u>	\$ <u>1,650,537</u>	\$ <u>184,263</u>	\$ <u>1,051,824</u>	\$ <u>(8,809,842)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					4,161,869
Taxes, levied for bank deposits					53,654
Motor vehicle taxes					389,786
Licenses and permits					4,845,565
Interest					39,132
Miscellaneous					229,617
Total general revenues and special items					<u>9,719,623</u>
Transfer to Fiduciary Fund					<u>(15,000)</u>
Loss on disposition of capital assets					<u>(9,595)</u>
Change in net assets					<u>885,186</u>
Net assets-beginning					<u>19,514,955</u>
Net assets-ending					\$ <u>20,400,141</u>

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

CITY OF FT. THOMAS, KENTUCKY

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2012

		Special Revenue		Capital Project		
	General	Public Works/ KDOT	Central Business District	Tower Park	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 7,885,900	\$ 1,047,088	\$ 106,979	\$ 587,180	\$ 461,000	\$ 10,088,147
Receivables:						
Taxes	108,889	-	-	-	-	108,889
Governmental units	28,990	47,107	-	-	-	76,097
Assessments	-	25,767	11,521	-	-	37,288
Accounts	1,153,792	4,267	-	-	9,825	1,167,884
Accrued interest	1,892	-	-	-	-	1,892
Prepays	111,114	-	1,189	-	-	112,303
Due from other funds	900,000	154,558	86,640	-	-	1,141,198
Total assets	<u>\$ 10,190,577</u>	<u>\$ 1,278,787</u>	<u>\$ 206,329</u>	<u>\$ 587,180</u>	<u>\$ 470,825</u>	<u>\$ 12,733,698</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 260,983	\$ 2,397	\$ 90,471	\$ 24,933	\$ 65,558	\$ 444,342
Accrued liabilities	211,079	-	-	-	-	211,079
Deferred revenue	69,876	22,255	11,521	-	7,926	111,578
Due to other funds	236,640	-	904,558	-	-	1,141,198
Total liabilities	<u>778,578</u>	<u>24,652</u>	<u>1,006,550</u>	<u>24,933</u>	<u>73,484</u>	<u>1,908,197</u>
Fund balances:						
Nonspendable - prepaids	111,114	-	1,189	-	-	112,303
Restricted-capital projects	-	1,254,135	-	-	-	1,254,135
Committed to - capital projects	-	-	-	-	-	-
Assigned to - capital projects	-	-	-	562,247	-	562,247
- waste	-	-	-	-	7,539	7,539
- debt service	-	-	99,932	-	389,802	489,734
Unassigned	9,300,885	-	(901,342)	-	-	8,399,543
Total fund balances	<u>9,411,999</u>	<u>1,254,135</u>	<u>(800,221)</u>	<u>562,247</u>	<u>397,341</u>	<u>10,825,501</u>
Total liabilities and fund balances	<u>\$ 10,190,577</u>	<u>\$ 1,278,787</u>	<u>\$ 206,329</u>	<u>\$ 587,180</u>	<u>\$ 470,825</u>	<u>\$ 12,733,698</u>
Total governmental fund balances						\$ 10,825,501
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, net of accumulated depreciation of \$12,396,228						17,278,029
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.						97,129
Costs of issuance of debt, including discounts and premiums, are expensed currently for government funds and are carried as deferred expense in the statement of net assets						271,402
Accrual interest payable on long-term debt						(126,490)
Long-term liabilities, including notes payable, are not due and payable in current period and therefore are not reported in the funds:						
Accrued absences payable						(327,222)
Bonds and leases payable						(7,618,208)
Net assets of governmental activities						<u>\$ 20,400,141</u>

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

CITY OF FT. THOMAS, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

		Special Revenue		Capital Project		
	General	Public Works/ KDOT	Central Business District	Tower Park	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 4,583,374	\$ 51,200	\$ -	\$ -	\$ -	\$ 4,634,574
Licenses and permits	4,845,565	-	-	-	-	4,845,565
Intergovernmental	802,628	431,839	1,620	-	-	1,236,087
Charges for services	550,370	-	-	-	783,990	1,334,360
Uses of property	118,182	-	-	-	-	118,182
Fines and forfeitures	83,038	-	-	-	-	83,038
Interest	36,099	2,393	640	-	-	39,132
Special assessments	-	112,625	2,332	-	-	114,957
Miscellaneous	174,103	7,262	45,225	3,027	-	229,617
Total revenues	11,193,359	605,319	49,817	3,027	783,990	12,635,512
EXPENDITURES						
Current:						
General government	1,150,047	-	-	-	-	1,150,047
Police	2,842,704	-	-	-	-	2,842,704
Fire	2,940,173	-	-	-	-	2,940,173
General services	1,745,840	2,559	136,494	12,544	787,785	2,685,222
Recreation and property mgt.	688,691	-	149,431	-	-	838,122
Capital outlay	616,989	275,581	1,684,460	72,143	-	2,649,173
Debt service:						
Principal	-	-	-	-	526,488	526,488
Interest	147	-	-	-	291,448	291,595
Total expenditures	9,984,591	278,140	1,970,385	84,687	1,605,721	13,923,524
Excess(deficiency) of revenues over(under) expenditures	1,208,768	327,179	(1,920,568)	(81,660)	(821,731)	(1,288,012)
OTHER FINANCING SOURCES(USES)						
Transfers in	-	-	462,000	-	901,601	1,363,601
Transfers out	(659,999)	-	(705,612)	(12,990)	-	(1,378,601)
Total other financing sources and uses	(659,999)	-	(243,612)	(12,990)	901,601	(15,000)
Net change in fund balances	548,769	327,179	(2,164,180)	(94,650)	79,870	(1,303,012)
Fund balances - beginning	8,863,230	926,956	1,363,959	656,897	317,471	12,128,513
Fund balances - ending	\$ 9,411,999	\$ 1,254,135	\$ (800,221)	\$ 562,247	\$ 397,341	\$ 10,825,501

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

CITY OF FT. THOMAS, KENTUCKY**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2012

Net change in fund balances-total governmental funds	\$ (1,303,012)
--	----------------

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 as depreciation expense:

Capital asset purchases capitalized	2,649,173
Depreciation expense	(850,715)

The effect of disposition of capital assets is a decrease to net assets	(9,595)
---	---------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(29,265)
--	----------

Government funds report the effect of issuance costs, premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(19,940)
---	----------

Accrued interest on long-term debt is reported in the government wide financial statements and not in governmental funds.	(43,760)
---	----------

Repayment of note and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of debt principal payments.	526,488
---	---------

Lease proceeds are a revenue in the governmental funds, but increase long-term liabilities in the statement of net assets.	-
--	---

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(34,188)
---	----------

Change in net assets of governmental activities	\$ <u>885,186</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF FT. THOMAS, KENTUCKY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
June 30, 2012

		Police and Firemen's Pension Plan
ASSETS		
Cash and cash equivalents	\$	6,383
Investments		<u>175,757</u>
Total assets		<u>182,140</u>
LIABILITIES		
Accounts payable		<u>-</u>
Total liabilities		<u>-</u>
NET ASSETS		
Held in trust for pension benefits		<u>182,140</u>
Total net assets	\$	<u><u>182,140</u></u>

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

CITY OF FT. THOMAS, KENTUCKY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
For the Year Ended June 30, 2012

	Police and Firemen's Pension Plan
ADDITIONS	
Investment earnings:	
Interest and dividends	\$ 3,457
Net increase(decrease) in the fair value of investments	(10,847)
Total investment earnings	(7,390)
Transfer from General Fund	15,000
Total additions (reductions)	7,610
DEDUCTIONS	
Benefits paid	33,377
Administrative expense	2,176
Total deductions	35,553
CHANGE IN NET ASSETS	(27,943)
NET ASSETS-BEGINNING OF YEAR	210,083
NET ASSETS END OF YEAR	\$ 182,140
The notes to the financial statements are an integral part of this statement.	

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

The City of Ft. Thomas is a municipality governed by a mayor and six-member council. As required by U.S. generally accepted accounting principles, these financial statements present the government and its component unit entities for which the government is considered to be financially accountable.

Blended Component Units

Blended components units, although legally separate entities, are, in substance, part of government's operations and so data from these units are combined with data of the primary government. Each blended component unit of the City has a June 30 year end. The component units discussed below are included in the City's reporting entity because of the significance of their operational and/or financial relationship with the City.

Included within the reporting entity:

City of Fort Thomas Police and Firemen's Pension Fund

All public safety employees who retired prior to February 1, 1988 participate in the Police and Firemen's Pension Fund. The fund functions for the benefit of the retirees and is governed by a five member board of trustees, the mayor, a member of the legislative body, the finance director and two public safety retirees. The City is obligated to fund all costs based upon actuarial valuations.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those 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 instead as general revenues. Amounts paid to acquire capital assets are capitalized as assets in the government-wide finan-

cial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related of the cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following funds of the financial reporting entity:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes.

The capital project funds are used to account for financial resources to be used for the acquisition and construction of major capital facilities.

The debt service fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City.

The fiduciary fund is used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds in the City. These funds are not presented in the government-wide financial statements.

Assets, liabilities and net assets or equity

Cash and Cash Equivalents

Cash and cash equivalents including amounts in demand deposits as well as short-term investments with an initial maturity date within three months of the date acquired by the City.

CITY OF FT. THOMAS, KENTUCKY NOTES TO FINANCIAL STATEMENTS June 30, 2012

The City is authorized by state statute to invest in:

1. Obligations of the United States and of its agencies and instrumentalities;
2. Certificates of deposit
3. Bankers' acceptances
4. Commercial paper.
5. Bonds of this state or local governments.
6. Mutual funds.

Property Tax Receivable

Property taxes are levied as of July 1 on property values assessed on January 1. The taxes are billed on approximately October 1 and are due and payable on October 31. On November 1, the bill becomes delinquent and penalties and interest may be assessed by the City. A lien may be placed on the property on November 1. Property tax rates for the year ended June 30, 2012 were \$.347 per \$100 valuation for real and personal property. The assessed value of property on which 2011 was based was \$1,134,940,869.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from/to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

Capital Assets

Capital assets are reported in the governmental activities column of the government-wide statement of net assets.

The accounting and reporting treatment applied to capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized (recorded and accounted for) in the government-wide financial statements. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for capital assets are historical costs, or where historical cost is not available, estimated historical cost based on replacement cost. Prior to July 1, 2000, governmental funds infrastructure assets were not capitalized. These assets (back to July 1, 1980) have been valued at estimated historical cost.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The range of lives used for depreciation purposes for each fixed asset class are as follows:

CITY OF FT. THOMAS, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Buildings	40 years
Building Improvements	10-20 years
Public Domain Infrastructure	20-30 years
Vehicles	5 years
Office Equipment	3-5 years

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused sick pay benefits. There is a liability for unpaid accumulated sick leave since the government does have a policy to pay amounts when employees separate from service with the government. There is also a liability for vacation pay that has been approved for carryover by the City's Administrative Officer. The total liability for these types of compensated absences is reported in the government-wide financial statements.

Long-Term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as revenue and payment of principal and interest reported as expenditures. The accounting for the proprietary fund is the same in the fund statements as it is in the government-wide statements.

Fund Equity

Net assets is the difference between assets and liabilities. Net assets invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets.

In the fund financial statements, government funds report components of fund balance for amounts that are nonspendable, restricted, committed, assigned or unassigned:

Nonspendable fund balances arise when resources cannot be spent because of their form and because resources must be maintained intact.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed fund balances are those that can only be used for specific purposes pursuant to

CITY OF FT. THOMAS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

constraints imposed by formal action of the government's highest level of decision-making authority, which, for the City is the Council, The Council must approve the establishment (and modification or rescinding) of a fund balance commitment.

Assigned fund balances are those that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned fund balance is the residual classification for the general fund. The classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

Restricted, committed and assigned amounts can only be used when expenditures for the amounts set aside for that specific purpose are incurred. Otherwise, the unassigned fund balance amount will be used.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, governmental funds are classified as follows:

Governmental funds – by character	Current-further classified by function
	Debt service
	Capital outlay

In the fund financial statements governmental funds report expenditures of financial resources.

Interfund Transactions

Interfund transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/ expenses in the fund that is reimbursed.

Restricted Revenues

When there are restricted and unrestricted revenues in a program, the City's policy is that the restricted revenues are expended first.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could differ from those estimates.

Date of Management's Review

Subsequent events were evaluated through January 30, 2013, which is the date the financial statements were available for review.

NOTE B-STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

- A. In accordance with City ordinance, by May 31, the Mayor submits to the Council, a proposed operating budget on the modified accrual basis of accounting for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- B. A public meeting is conducted to obtain citizen comment.
- C. By July 1, the budget is legally enacted through passage of an ordinance.
- D. The Mayor is required by Kentucky Revised Statutes to present a quarterly report to the Council explaining any variance from the approved budget.
- E. Appropriations continue in effect until a new budget is adopted.
- F. The Council may authorize supplemental appropriations during the year.

Expenditures may not legally exceed budgeted appropriations at the function level. Any revisions to the budget that would alter total revenues and expenditures of any fund must be approved by the Council; however, with proper approval by the Council, budgetary transfers between departments can be made. The Council adopted one supplementary appropriation ordinances. All appropriations lapse at fiscal year end.

NOTE C-DEPOSITS

Custodial credit risk – deposits. For deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned. The City maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As allowed by law, the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times. As of June 30, 2012, the City's deposits are entirely insured and/or collateralized with securities held by the financial institutions on the District's behalf and the FDIC insurance, as required by state legal requirements.

As of June 30, 2012, the City had the following investments:

Investment Type	Fair Value
Fixed income mutual funds	\$ 23,892
Equity mutual funds	127,618
Alternative assets	24,247
	<u>\$ 175,757</u>

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City had custodial credit

CITY OF FT. THOMAS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

risk at June 30, 2012 of \$175,757. The related securities totaling this amount are uninsured, unregistered and held by a bank trust department.

The City has an investment policy for public funds. The above funds are funds the City holds in trust, which are subject to policy mandated by Kentucky statute which allows trust funds to be invested in securities which would be regarded by a prudent businessman as a safe investment.

NOTE D-CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Additions	Retirements/ Deletions	Balance June 30, 2012
Governmental activities:				
Not being depreciated:				
Land	\$ 913,535	\$ 122,000	\$ -	\$ 1,035,535
Construction in progress	3,040,450	18,029	(3,040,450)	18,029
Subtotal	<u>3,953,985</u>	<u>140,029</u>	<u>(3,040,450)</u>	<u>1,053,564</u>
Other capital assets:				
Buildings	2,945,534	-	-	2,945,534
Improvements/infrastructure	15,918,947	4,643,489	-	20,562,436
Equipment	2,067,101	345,026	(4,812)	2,407,315
Vehicles	2,398,504	561,079	(254,175)	2,705,408
Subtotal	<u>23,330,086</u>	<u>5,549,594</u>	<u>(258,987)</u>	<u>28,620,693</u>
Accumulated depreciation:				
Buildings	1,303,613	87,995	-	1,391,608
Improvements/infrastructure	7,093,165	529,302	-	7,622,467
Equipment	1,677,263	104,960	(4,658)	1,777,565
Vehicles	1,720,864	128,458	(244,734)	1,604,588
Subtotal	<u>11,794,905</u>	<u>850,715</u>	<u>(249,392)</u>	<u>12,396,228</u>
Net other assets	<u>11,535,181</u>	<u>4,698,879</u>	<u>(9,595)</u>	<u>16,224,465</u>
Net capital assets	<u>\$ 15,489,166</u>	<u>\$ 4,838,908</u>	<u>\$ (3,050,045)</u>	<u>\$ 17,278,029</u>

*Depreciation was charged to functions as follows:

Governmental activities:

General government	\$ 83,270
Police	49,601
Fire	84,311
General services	599,851
Recreation	33,682
Total governmental activities depreciation expense	<u>\$ 850,715</u>

NOTE E-LONG-TERM DEBT

Bonds Payable

The City issued general obligation public project bonds in June 2003 in the amount of \$1,810,000. The interest rate is 2.15%. The bonds mature over the period May 2004 through May 2013. These Bonds are payable from general revenue of the City.

CITY OF FT. THOMAS, KENTUCKY NOTES TO FINANCIAL STATEMENTS June 30, 2012

The following is a schedule of future debt service requirements to maturity at June 30, 2012:

Year Ended June 30,	Principal	Interest
<u>2013</u>	<u>125,000</u>	<u>2,688</u>
Total debt service payments	\$ <u><u>125,000</u></u>	\$ <u><u>2,688</u></u>

Capital Leases Payable

The capital leases payable, long-term debt are payable from general revenues of the City.

Long-term debt outstanding at June 30, 2012 for the capital leases, consisted of the following:

Capital Lease Payable-Real Estate

The City entered into a capital lease agreement on June 29, 2001 with Bank of Kentucky to finance the purchase of certain real estate. The lease payable is for a period of twenty years at a rate of 4.80%. Annual debt service payment requirements to maturity are as follows:

Year Ending June 30,	Amount
2013	\$ 15,820
2014	15,820
2015	15,820
2016	15,820
2017	15,820
Thereafter	<u>63,295</u>
Subtotal	142,395
Less: interest	<u>(14,511)</u>
TOTAL	\$ <u><u>127,884</u></u>

Capital Lease Payable-Acquisition and Installation of Street Improvements

The City entered into a \$765,000 capital lease agreement on August 5, 2004 with the Kentucky League of Cities Funding Trust to finance portions of the central business district redevelopment. The lease payable is for a period of ten years and was refinanced March, 2006 to a fixed interest rate of 3.97%. Annual debt service payment requirements to maturity are as follows:

Year Ending June 30,	Amount
2013	\$ 82,140
2014	78,573
2015	<u>64,596</u>
Subtotal	225,309
Less: interest	<u>(10,985)</u>
TOTAL	\$ <u><u>214,324</u></u>

CITY OF FT. THOMAS, KENTUCKY NOTES TO FINANCIAL STATEMENTS June 30, 2012

Capital Lease Payable - Towne Center

The City entered into a \$750,000 capital lease agreement on January 8, 2007 with the Kentucky League of Cities Funding Trust to finance the capital construction of the Towne Center development. The lease payable is for a period of ten years with a total interest and fee cost of from 0.91% to 2.45% during fiscal year 2012.

Annual debt service payment requirements to maturity are as follows:

Year Ending June 30		Amount
2013	\$	93,763
2014		93,762
2015		93,763
2016		93,763
2017		62,508
Subtotal		437,559
Less: interest		(48,532)
Total	\$	<u>389,027</u>

Capital Lease Payable – City Building Renovations

The City entered into a \$820,000 capital lease agreement on June 8, 2009 with the Kentucky League of Cities Funding Trust to finance the capital construction of renovations to the City's government building. The lease payable is for a period of ten years with a total interest and fee cost of 0.91% to 2.45% during fiscal year 2012.

Annual debt service payment requirements to maturity are as follows:

Year Ending June 30		Amount
2013	\$	96,680
2014		96,680
2015		96,680
2016		96,680
2017		96,680
Thereafter		185,305
Subtotal		668,705
Less: interest		(70,912)
Total	\$	<u>597,793</u>

Capital Lease Payable – Midway Streetscape

The City entered into a \$2,290,000 capital lease agreement on August 25, 2010 with the Kentucky Bond Corporation to finance the Midway Streetscape project. The lease payable is for a period of twenty years with interest rates from 1.00% to 4.00%.

CITY OF FT. THOMAS, KENTUCKY NOTES TO FINANCIAL STATEMENTS June 30, 2012
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Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Amount
2013	\$ 229,850
2014	226,025
2015	227,200
2016	158,263
2017	155,513
2018-2022	795,050
2023-2027	536,150
2028-2030	104,637
Subtotal	2,432,688
Less: interest	(512,688)
Total	\$ 1,920,000

Capital Lease Payable – Parks

The City entered into a \$4,260,000 capital lease agreement on April 14, 2011 with the Kentucky Bond Corporation to finance the Parks rehabilitation project. The lease payable is for a period of twenty-five years with interest rates from 3.00% to 5.75%.

Annual debt service requirements to maturity are as follows:

Year Ending June 30	Amount
2013	\$ 233,825
2014	233,825
2015	233,825
2016	298,825
2017	301,713
2018-2022	1,495,037
2023-2027	1,748,982
2028-2032	2,180,332
2033-2036	1,825,698
Subtotal	8,552,062
Less: interest	(4,292,062)
Total	\$ 4,260,000

CITY OF FT. THOMAS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

	June 30, 2011	Additions	Retirements	June 30, 2012	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 250,000	\$ -	\$ 125,000	\$ 125,000	\$ 125,000
Lease payable-real estate	124,108	-	12,044	112,064	9,796
Lease payable-CBD improvements	289,324	-	75,000	214,324	75,000
Lease payable - Towne Center	462,266	-	73,239	389,027	73,239
Lease payable - renovations	673,998	-	76,205	597,793	76,205
Lease payable - Midway	2,085,000	-	165,000	1,920,000	167,083
Lease payable - Parks	4,260,000	-	-	4,260,000	-
Compensated absences	293,034	34,188	-	327,222	25,000
Totals	\$ 8,437,730	\$ 34,188	\$ 526,488	\$ 7,945,430	\$ 551,323

NOTE F-CLAIMS AND JUDGMENTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

NOTE G-EMPLOYEE RETIREMENT SYSTEM

County Employees Retirement System (CERS)

City employees who work at least 100 hours per month participate in the County Employees Retirement System (CERS). Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Retirement Systems administers the CERS.

The plan issues separate financial statements which may be obtained by request from Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601.

Plan Description - CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each county and school board, and any additional eligible local agencies electing to participate in the System. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living (COLA) adjustments are provided at the discretion of the state legislature.

Non-hazardous Contributions - For the year ended June 30, 2012, plan members were required to contribute 5% of their annual creditable compensation. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 61.565(3), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are

CITY OF FT. THOMAS, KENTUCKY NOTES TO FINANCIAL STATEMENTS June 30, 2012

necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. For the year ended June 30, 2012, participating employers contributed 18.96% of each employee's creditable compensation. The actuarially determined rate set by the Board for the year ended June 30, 2012 was 18.96% of creditable compensation. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings. New employees, after August 31, 2008 pay an additional 1% contribution.

Hazardous Contributions - For the year ended June 30, 2012, plan members were required to contribute 8% of their annual creditable compensation. The state was required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 61.565(3), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. For the year ended June 30, 2012, participating employers contributed 35.76% of each employee's creditable compensation. The actuarially determined rate set by the Board for the year ended June 30, 2012 was 35.76% of creditable compensation. Administrative costs of KRS are financed through employer contributions and investment earnings. New employees after August 31, 2008 pay an additional 1% contribution.

The required contribution and the actual percentage contributed for the City the current and previous two years are as follows:

<u>Year</u>		<u>Required Contribution</u>	<u>Percentage Contributed</u>
2012	\$	1,427,979	100%
2011	\$	1,336,556	100%
2010	\$	1,268,057	100%

Medical Insurance Plan

The CERS provides post retirement healthcare benefits to eligible members and dependents, under cost sharing multiple employer defined benefit plans. Medical benefits are offered to members who have retired for service or disability. The post-retirement healthcare is financed through member and employer contributions.

Deferred Compensation Plans

There is a deferred compensation plan available to full-time, non-hazardous, non-union employees of the City. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable financial emergency. The City matches the employee contribution up to a maximum of 3% of gross wages, which was \$32,228 for the year ended June 30, 2012. The deferred compensation plan is administered by the Kentucky Deferred Compensation Authority.

NOTE H-EMPLOYEE RETIREMENT SYSTEM

Police and Firemen's Pension Plan

Plan Description

The City maintains one single employer defined benefit pension plan, the Police and Firemen's Pension Plan.

The plan is reported as a Pension Trust Fund in the City's combined financial statements. The Police and Firemen's Pension Plan covers all retired police and firemen who were receiving benefits prior to February 1, 1988.

No current or future employees are eligible to participate in the plan. Members were vested upon completion of 20 years of service. An employee was eligible for retirement at age 50 with 20 or more years of service subject to approval by the pension board. The Plan provides retirement and death benefits.

Funding Status and Progress

Presented below are the total pension benefit obligations of the plan. The standardized measurement is the actuarial present value of credit projected benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date.

Because the standardized measure is used only for disclosure purposes by the plan, the measurement is independent of the actuarial computation made to determine contributions to the Plan. The actuarial funding method used to determine contributions to the Plan is explained below.

The pension information summarized below is from the latest available Actuarial Valuation Reports. The pension benefit obligation is calculated assuming a 5% investment rate of return, normal assumed retirement age. The Entry Age Normal cost method was used. The balance of the present value of future benefits is then funded as a level percentage of future normal cost. The asset valuation method is fair market value.

	Police and Firemen's		
	<u>6/30/2010</u>	<u>06/30/2007</u>	<u>06/30/2004</u>
PENSION BENEFIT OBLIGATION:			
Retirees and beneficiaries currently receiving benefits	\$ 318,421	\$ 591,711	\$ 655,051
TOTAL PENSION BENEFIT OBLIGATION	318,421	591,711	655,051
NET ASSETS AVAILABLE FOR BENEFITS, AT CURRENT VALUE	<u>209,259</u>	<u>394,139</u>	<u>570,290</u>
EXCESS (DEFICIENCY) OF ASSETS OVER PENSION			
BENEFIT OBLIGATION	\$ <u>(109,162)</u>	\$ <u>(197,572)</u>	\$ <u>(84,761)</u>
FUNDED RATIO	65.5%	66.6%	87.1%

CITY OF FT. THOMAS, KENTUCKY NOTES TO FINANCIAL STATEMENTS June 30, 2012

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the pension benefit obligation occurred during 2012. There were no past service contributions made for the past three years. Four pensioners have passed away recently which will significantly reduce the benefit obligations in future years.

Trend Information

Three year historical trend information is disclosed in separately issued reports of the pension plans.

NOTE I-CONTINGENT LIABILITIES

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's Attorney the resolution of these matters will not have a material adverse effect on the financial condition of the government.

NOTE J-RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The City has obtained insurance coverage through a commercial insurance company. In addition, the City has effectively managed risk through various employee education and prevention programs through the efforts and cooperation of its risk manager and department heads. All risk general liability management activities are accounted for in the General Fund. Expenditures and claims are recognized when probable that a loss has occurred and the amount of loss can be reasonably estimated.

The City Attorney estimates that the amount of actual or potential claims against the City as of June 30, 2012, will not materially affect the financial condition of the City. Therefore, the General Fund contains no provision for estimated claims. No claim has exceeded insurance coverage amounts in the past three fiscal years.

NOTE K – INTERFUND BALANCES AND TRANSFERS

The General Fund records a \$900,000 receivable from the Central Business District Fund for funds advanced for construction projects and records \$241,198 due to the Public Works/KDOT and Central Business District funds for past costs incurred by those funds for the General Fund.

The General Fund (\$182,999), Central Business District Fund (\$705,612) and Tower Park Fund (\$12,990) transferred \$901,601 to the Debt Service Fund for payment of the City's debt. The General Fund transferred \$462,000 to the Central Business District Fund representing a .25 percent tax collected by the General Fund on behalf of the CBD. The General Fund transferred \$15,000 to the Police and Fire Pension Fund.

CITY OF FT. THOMAS, KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/(Negative)
Budgetary fund balance, July 1	\$ 2,913,902	\$ 2,913,902	\$ 8,863,230	\$ 5,949,328
Resources (inflows):				
Taxes	4,473,551	4,473,551	4,583,374	109,823
Licenses and permits	4,419,049	4,419,049	4,845,565	426,516
Intergovernmental	181,500	848,887	802,628	(46,259)
Uses of property	-	-	118,182	118,182
Fines and forfeitures	66,500	66,500	83,038	16,538
Charges for services	546,355	546,355	550,370	4,015
Interest	203,355	203,355	36,099	(167,256)
Lease proceeds	66,580	66,580	-	(66,580)
Miscellaneous	-	-	-	-
Transfer in	250,000	250,000	174,103	(75,897)
Amounts available for appropriation	<u>13,120,792</u>	<u>13,788,179</u>	<u>20,056,589</u>	<u>6,268,410</u>
Charges to appropriations (outflows):				
General government	1,205,151	1,205,151	1,172,613	32,538
Police	3,109,338	3,109,338	2,891,638	217,700
Fire	2,663,400	3,458,456	3,411,103	47,353
General services	2,106,194	2,106,194	2,025,601	80,593
Recreation	569,120	569,120	483,489	85,631
Capital outlay	-	-	-	-
Debt services	-	-	147	(147)
Transfers out	<u>644,999</u>	<u>644,999</u>	<u>659,999</u>	<u>(15,000)</u>
Total charges to appropriations	<u>10,298,202</u>	<u>11,093,258</u>	<u>10,644,590</u>	<u>448,668</u>
Budgetary fund balance, June 30	\$ <u>2,822,590</u>	\$ <u>2,694,921</u>	\$ <u>9,411,999</u>	\$ <u>6,717,078</u>

NOTE: The City budgets its beginning fund balance at July 1, 2011 at its undesignated funds level; whereas the actual fund balance at July 1, 2011 represents all General Fund amounts.

Capital outlay expenditures are budgeted in the respective departments.

CITY OF FT. THOMAS, KENTUCKY

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL-PUBLIC WORKS/KDOT FUND**

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 514,674	\$ 514,674	\$ 926,956	\$ 412,282
Resources (inflows):				
Taxes	75,200	75,200	51,200	(24,000)
Intergovernmental	280,000	280,000	431,839	151,839
Interest	500	500	2,393	1,893
Special assessments	96,000	96,000	112,625	16,625
Miscellaneous	5,000	5,000	7,262	2,262
Transfers	-	-	-	-
Amounts available for appropriation	<u>971,374</u>	<u>971,374</u>	<u>1,532,275</u>	<u>560,901</u>
Charges to appropriations (outflows):				-
Current:				-
General services	-	-	-	-
Capital outlay:				-
Street and sidewalk projects	371,775	371,775	278,140	93,635
Transfers to other funds	-	-	-	-
Total	<u>371,775</u>	<u>371,775</u>	<u>278,140</u>	<u>93,635</u>
Budgetary fund balances, June 30	\$ <u>599,599</u>	\$ <u>599,599</u>	\$ <u>1,254,135</u>	\$ <u>654,536</u>

CITY OF FT. THOMAS, KENTUCKY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES- BUDGET AND ACTUAL-CENTRAL BUSINESS DISTRICT

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 210,851	\$ 210,851	\$ 1,363,959	\$ 1,153,108
Resources (inflows):				
Intergovernmental	-	-	1,620	1,620
Special assessments	-	-	2,332	2,332
Interest	1,000	1,000	640	(360)
Miscellaneous	12,500	12,500	45,225	32,725
Lease Proceeds	2,200,000	2,200,000	-	(2,200,000)
Transfers from other funds	462,000	462,000	462,000	-
Amounts available for appropriation	<u>2,886,351</u>	<u>2,886,351</u>	<u>1,875,776</u>	<u>(1,010,575)</u>
Charges to appropriations (outflows):				
Current:				
General government	-	-	-	-
General services	159,437	159,437	149,431	10,006
Capital outlay	2,000,000	2,000,000	1,820,954	179,046
Transfers to other funds	705,612	705,612	705,612	-
Total	<u>2,865,049</u>	<u>2,865,049</u>	<u>2,675,997</u>	<u>189,052</u>
Budgetary fund balances, June 30	\$ <u>21,302</u>	\$ <u>21,302</u>	\$ <u>(800,221)</u>	\$ <u>(821,523)</u>

CITY OF FT. THOMAS, KENTUCKY**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL-TOWER PARK FUND**

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 526,863	\$ 526,863	\$ 656,897	\$ 130,034
Resources (inflows):				
Intergovernmental	-	-	-	-
Interest	5,000	5,000	-	(5,000)
Miscellaneous	5,000	5,000	3,027	(1,973)
Transfers in from other funds	-	-	-	-
Amounts available for appropriation	<u>536,863</u>	<u>536,863</u>	<u>659,924</u>	<u>123,061</u>
Charges to appropriations (outflows):				
General services	32,300	32,300	12,598	19,702
Capital outlay	10,000	50,000	72,089	(22,089)
Transfers to other funds	<u>12,990</u>	<u>12,990</u>	<u>12,990</u>	-
Total	<u>55,290</u>	<u>95,290</u>	<u>97,677</u>	<u>(2,387)</u>
Budgetary fund balances, June 30	\$ <u>481,573</u>	\$ <u>441,573</u>	\$ <u>562,247</u>	\$ <u>120,674</u>

CITY OF FT. THOMAS, KENTUCKY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2012

	Special Revenue		Debt Service	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 71,198	\$	389,802	\$ 461,000
Accounts receivable	9,825		-	9,825
Prepaids	-		-	-
Total assets	<u>\$ 81,023</u>	<u>\$</u>	<u>389,802</u>	<u>\$ 470,825</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	\$ 65,558	\$	-	\$ 65,558
Due to other funds	-		-	-
Deferred revenues	7,926		-	7,926
Total liabilities	<u>73,484</u>		<u>-</u>	<u>73,484</u>
Fund balances:				
Assigned to:				
Debt service	-		389,802	389,802
Waste	7,539		-	7,539
Total fund balances	<u>7,539</u>		<u>389,802</u>	<u>397,341</u>
Total liabilities and fund balances	<u>\$ 81,023</u>	<u>\$</u>	<u>389,802</u>	<u>\$ 470,825</u>

CITY OF FT. THOMAS, KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2012

	Special Revenue		Total Nonmajor Governmental Funds
	Waste Fee	Debt Service	
REVENUES			
Charges for services	\$ 783,990	\$ -	\$ 783,990
Interest	-	-	-
Total revenues	783,990	-	783,990
EXPENDITURES			
Current:			
General government	-	-	-
General services	787,785	-	787,785
Debt service:			
Principal	-	526,488	526,488
Interest	-	291,448	291,448
Total expenditures	787,785	817,936	1,605,721
Excess (deficiency) of revenues over(under) expenditures	(3,795)	(817,936)	(821,731)
OTHER FINANCING SOURCES(USES)			
Transfers in	-	901,601	901,601
Transfers out	-	-	-
Total other financing sources and uses	-	901,601	901,601
Net change in fund balances	(3,795)	83,665	79,870
Fund balances - beginning	11,334	306,137	317,471
Fund balances - ending	\$ 7,539	\$ 389,802	\$ 397,341

CITY OF FT. THOMAS, KENTUCKY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Non Federal Expenditures</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Justice Assistance Grant	16.738	2011 JAFR	\$ 5,076	\$ 1,694
<u>DEPARTMENT OF HOMELAND SECURITY</u>				
Assistance to Firefighters-FEMA	97.044	EMW-2010-FV-03814	327,750	17,250
	94.044	EMW-2010-FR-00276	147,675	147,675
	94.044	EMW-2010-FO-07435	809	425
FEMA-Homeland Security Grant Program	97.067	11-251	41,800	-
	97.067	11-137	10,000	-
			<u>528,034</u>	<u>165,350</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ <u>533,110</u>	\$ <u>167,044</u>

Notes to Schedule of Expenditures of Federal Awards.

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Board and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OBM Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B - Non Federal expenditures represent City expenditures that meet the required matching obligation.



**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**

**Mayor and Council
City of Ft. Thomas, Kentucky**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Ft. Thomas, Kentucky as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 30, 2013. 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 the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Ft. Thomas, Kentucky'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 on the effectiveness of the City of Ft. Thomas, Kentucky's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Ft. Thomas, Kentucky'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 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Ft. Thomas, Kentucky'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*.

This report is intended solely for the information and use of management, others within the organization, City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

RANKIN, RANKIN & COMPANY

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**Ft. Wright, Kentucky
January 30, 2013**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Mayor and Council
City of Ft. Thomas, Kentucky**

Compliance

We have audited City of Ft. Thomas, Kentucky's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. City of Ft. Thomas, Kentucky's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Ft. Thomas, Kentucky's management. Our responsibility is to express an opinion on City of Ft. Thomas, Kentucky's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Ft. Thomas, Kentucky's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Ft. Thomas, Kentucky's compliance with those requirements.

In our opinion, the City of Ft. Thomas, Kentucky complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

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Internal Control Over Compliance

Management of City of Ft. Thomas, Kentucky is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Ft. Thomas, Kentucky's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management, City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

RANKIN, RANKIN & COMPANY

A handwritten signature in cursive script that reads 'Rankin, Rankin & Company'.

**Ft. Wright, Kentucky
January 30, 2013**

CITY OF FT. THOMAS, KENTUCKY SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2012
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SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City.
2. There were no material weaknesses or significant deficiencies relating to the audit of the financial statements of the City as reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters.
3. No instances of noncompliance material to the financial statements of the City were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of the major federal awards programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance.
5. The auditor's report on compliance for the major federal award programs for the City expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510 (a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA No.</u>
Assistance to Firefighters	97.044

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City was determined not to be a low-risk auditee.

FINDINGS-FINANCIAL STATEMENTS AUDIT

NONE

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

CITY OF FT. THOMAS, KENTUCKY <i>SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS</i> Year Ended June 30, 2012
--

Prior Year - Compliance and other matters (Financial Information)
There were no findings in the prior year.

Prior Year - Federal Award Findings and Questioned Costs
There were no findings or questioned costs in the prior year.