

**CITY OF PARK HILLS, KENTUCKY**

**ANNUAL FINANCIAL REPORT**

**For the Year Ended June 30, 2011**

**CITY OF PARK HILLS, KENTUCKY**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2011**

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**CITY OF PARK HILLS, KENTUCKY**

**ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2011

**List of City Officials**

Don Catchen, Mayor

L.F. Skip Fangman

Monty O'Hara

Albert Fedders

Pamela Spoor

Diane Geiger

Kathy Zembrodt

**Administration and Departments**

Julie Alig, Clerk/Treasurer

Amy Schworer, Police Chief

Regis Huth, Fire Chief

Jay Bayer, City Engineer

Dennis Finke, Public Works

Robert A. Winter, Jr., Attorney



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

Charles A. Van Gorder, CPA  
John P. Walker, CPA, MBA  
Lori A. Owen, CPA  
John R. Chamberlin, CPA, MBA  
Members of AICPA & KyCPA  
Licensed in Kentucky & Ohio

## Independent Auditor's Report

**To the Honorable Mayor and  
Members of the Council  
City of Park Hills, Kentucky**

We have audited the accompanying financial statements of the governmental activities of the City of Park Hills, Kentucky (City), as of and for the year ended June 30, 2011, 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *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 of the City of Park Hills, Kentucky as of June 30, 2011, 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 February 10, 2012, on our consideration of the City of Park Hills, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part



of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 4 through 6 and 24 through 31, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Park Hills, Kentucky's basic financial statements. The introductory section, combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Van Gorder, Walker & Co., Inc.*

**Van Gorder, Walker & Co., Inc.**  
Erlanger, Kentucky  
February 10, 2012

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) is required supplementary information per the Government Accounting Standards Board (GASB) that provides management with the opportunity to provide both short and long term analysis of the City of Park Hills' financial activities. The MD&A should be read in conjunction with the City's basic financial statements, which begin on page 7.

The annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. The City's fund financial statement provides more detail on the operations of the City than the government wide statements.

### **Reporting on the City as a Whole**

#### The Statement of Net Assets and Statement of Activities

These statements include all assets and liabilities using the accrual basis of accounting and report the City's net assets and changes in them. The City's basic services are considered to be governmental activities and include general government, public safety and public works. Property taxes, insurance premium taxes and payroll taxes/gross receipts license fees finance most of these services.

The assets of the City exceeded its liabilities at June 30, 2011 by \$5,258,025.

Effective July 1, 2003 the City's infrastructure has been historically valued and will be included in the investment in capital assets shown in the Statement of Net Assets.

#### Assets

Current and other assets	\$ 134,325
Capital assets	5,122,211
Restricted assets	716,569
Total Assets	<u>5,973,105</u>

#### Liabilities

Current liabilities	442,258
Long term liabilities	272,822
Total Liabilities	<u>715,080</u>

#### Net Assets

Invested in capital assets, net of depreciation	4,442,262
Designated future expenditures	716,569
Unrestricted	99,194
Total Net Assets	<u>\$ 5,258,025</u>

One of the most important questions asked about the City's finances is whether the financial position has improved or deteriorated as a result of the year's operations. Governmental activities decreased the City's net assets by \$147,203. This includes the excess of revenues over expenditures as well as depreciation expense of \$810,845.

General Revenues	
Property taxes	\$ 458,985
Municipal insurance taxes	424,716
Road taxes	303,113
Fire Truck/Economic Dev. taxes	151,112
Licenses and permits	270,373
Other revenues	46,469
Total General Revenues	<u>1,654,768</u>
Expenses, net of program revenues	
General and administrative	67,816
Public safety	709,598
Public works	699,622
Contracted services	295,473
Interest expense	29,462
Total Expenditures, net	<u>1,801,971</u>
Decrease in Net Assets	<u>\$ (147,203)</u>

## THE CITY'S FUNDS

The City maintains its budget and daily operations on a current financial resources focus, known as "fund accounting". The City's funds consist of the general fund and five special revenue funds. The Statement of Revenues, Expenditures and Changes in Fund Balances reflects a excess of fund revenues under fund expenditures in the amount of \$38,761. The special revenue Municipal Road Aid, Road Tax and Vehicle Fee funds are all to be used only to replace, maintain or improve the City's roads. The Fire Truck/Economic Development fund collects taxes to pay for a new aerial ladder truck for the City and for various economic development projects around the City. The sanitation fund is included in Debt Service funds and is used for payment of sewer line repairs assessed by Sanitation District No. 1.

### *Significant changes in the original budget:*

In June, 2011 the City Council revised the original budget by ordinance to increase appropriations to prevent the following budget overruns/shortfalls: General Fund tax revenues were decreased by \$2,287, occupational licenses and fees revenues were decreased in the amount of \$12,882, charges for services were decreased by \$1,276 and other revenues were increased by a net of \$25,714.

The City's budgeted expenditures for general and administrative expenditures increased by \$16,934, police department were decreased by \$8,245, fire department decreased by \$16,262, public works decreased by \$5,355, building and utilities decreased by \$5,451, contract services increased by \$19,476, and capital improvements increased by \$22,666.

During the 2007-2008 fiscal year, the city received an erroneous municipal insurance tax payment. The city was required to repay the overage over a two year period. A non-budgeted payment of \$70,758 was made during the 2008-2009 fiscal year with the next payment due during the 2010-2011 fiscal year.

*Significant variances of final budget to actual expenditures:*

The actual amounts expended for general and administrative expenditures, police department expenditures, fire department expenditures and public works expenditures were \$8,231, \$14,004, \$21,502, and \$15,238, respectively, over the amount budgeted.

The budgeted expenditures for contract services and capital expenditures were \$17,199 under the budget amount allotted.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers 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 any questions about this report or need additional information, contact the City's Treasurer at The City of Park Hills, 1106 Amsterdam Road, Park Hills, Kentucky, or (859) 431-6252.

Very Truly Yours;

*Julie Alig*  
Park Hills City Clerk/Treasurer

**CITY OF PARK HILLS, KENTUCKY****Statement of Net Assets****June 30, 2011**

<b>ASSETS</b>	<b>Governmental Activities</b>
Current Assets	
Cash and cash equivalents	\$ 12,727
Taxes receivable	6,748
Other accounts receivable	114,850
Total Current Assets	<u>134,325</u>
Capital Assets	
Land and improvements	409,671
Infrastructure	14,353,774
Building and improvements	223,327
Machinery and equipment	623,404
Vehicles	867,990
Less: accumulated depreciation	(11,355,955)
Net Capital Assets	<u>5,122,211</u>
Restricted Assets	
Creighton Fund	35,396
Special Revenue Funds cash	681,173
Total Restricted Assets	<u>716,569</u>
<b>TOTAL ASSETS</b>	<u>5,973,105</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	7,137
Accrued salaries and benefits	25,231
Promissory note payable	300,000
Current portion of debt	109,890
Total Current Liabilities	<u>442,258</u>
Long Term Liabilities	
Compensated absences	2,763
Capital leases payable	270,059
Total Long Term Liabilities	<u>272,822</u>
<b>TOTAL LIABILITIES</b>	<u>715,080</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	4,442,262
Designated	716,569
Unrestricted	99,194
<b>TOTAL NET ASSETS</b>	<u>\$ 5,258,025</u>

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



**CITY OF PARK HILLS, KENTUCKY**  
***Statement of Activities***  
**For the Year Ended June 30, 2011**

[illegible]

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

<b>CITY OF PARK HILLS, KENTUCKY</b> <b>Balance Sheet - Governmental Funds</b> <b>June 30, 2011</b>
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	General Fund	Special Revenue Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 12,727	\$ -	\$ 12,727
Receivables			
Accounts	109,020	5,508	114,528
Taxes	6,748	-	6,748
Waste	322	-	322
Due from other funds	-	58,004	58,004
Restricted assets			
Special Revenue Funds cash	-	681,173	681,173
Creighton Fund	35,396	-	35,396
<b>TOTAL ASSETS</b>	<u>\$ 164,213</u>	<u>\$ 744,685</u>	<u>\$ 908,898</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 2,875	\$ 4,262	\$ 7,137
Accrued salaries and benefits	25,231	-	25,231
Due to Special Revenue Funds	58,004	-	58,004
<b>TOTAL LIABILITIES</b>	<u>86,110</u>	<u>4,262</u>	<u>90,372</u>
<b>FUND BALANCES</b>			
Restricted	35,396	643,064	678,460
Committed	-	97,359	97,359
Unassigned	42,707	-	42,707
<b>TOTAL FUND BALANCES</b>	<u>78,103</u>	<u>740,423</u>	<u>818,526</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 164,213</u>	<u>\$ 744,685</u>	<u>\$ 908,898</u>

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

<b>CITY OF PARK HILLS, KENTUCKY</b> <b>Reconciliation of the Balance Sheet - Governmental Funds</b> <b>to the Statement of Net Assets</b> <b>June 30, 2011</b>
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Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance per balance sheet	\$ 818,526
Capital assets of \$16,478,166, less accumulated depreciation of \$11,355,955, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,122,211
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	(2,763)
Vehicle loan payable	(13,000)
Promissory note payable	(300,000)
Capital leases payable	<u>(366,949)</u>
Net assets of governmental activities	<u><u>\$ 5,258,025</u></u>

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

<b>CITY OF PARK HILLS, KENTUCKY</b> <b>Statement of Revenues, Expenditures and</b> <b>Changes in Fund Balance - Governmental Funds</b> <b>For the Year Ended June 30, 2011</b>
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	General	Special Revenue	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 1,056,284	\$ 483,207	\$ 1,539,491
Licenses and permits	68,808	-	68,808
Charges for services	184,626	123,053	307,679
Intergovernmental	22,752	64,543	87,295
Grants	1,417	-	1,417
Interest income	811	1,329	2,140
Loan proceeds	13,000	-	13,000
Other revenues	48,781	-	48,781
<b>TOTAL REVENUES</b>	<u>1,396,479</u>	<u>672,132</u>	<u>2,068,611</u>
<b>EXPENDITURES</b>			
Current			
General administrative expenses	167,389	11,000	178,389
Police department expenses	577,665	-	577,665
Fire/rescue department	127,822	-	127,822
Public works expenses	99,871	37,749	137,620
Building and utilities	55,783	-	55,783
Contracted services	295,473	-	295,473
Capital outlay	29,904	505,649	535,553
Debt service	20,919	100,626	121,545
<b>TOTAL EXPENDITURES</b>	<u>1,374,826</u>	<u>655,024</u>	<u>2,029,850</u>
<b>EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES</b>	21,653	17,108	38,761
<b>FUND BALANCES BEGINNING OF YEAR</b>	<u>56,450</u>	<u>723,315</u>	<u>779,765</u>
<b>FUND BALANCES END OF YEAR</b>	<u>\$ 78,103</u>	<u>\$ 740,423</u>	<u>\$ 818,526</u>

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

# **CITY OF PARK HILLS, KENTUCKY**

## ***Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities***

**For the Year Ended June 30, 2010**

Amounts reported for governmental activities in the statement of activities  
are different because:

Net change in fund balance - total governmental funds	\$ 38,761
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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. In the current period these amounts are:

Capital outlays	535,553
Depreciation expense	(810,845)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. However, the issuance and repayment of long-term debt has no effect on net assets. The amounts of debt proceeds and principal payments are included in the governmental funds in the current period.

Principal payments	92,083
Loan proceeds	(13,000)

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. In the current period these amounts are:

Decrease in compensated absences	10,245
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Change in net assets of governmental activities	<u>\$ (147,203)</u>
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The accompanying notes are an integral part of the financial statements.



# **CITY OF PARK HILLS, KENTUCKY**

## ***Notes to Financial Statements***

**June 30, 2011**

### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### *Reporting Entity*

The City of Park Hills operates under a Mayor and Council form of government. The government is governed by an elected mayor and six council members. As required by generally accepted accounting principles these financial statements represent the primary government. The City has no component units or entities for which the government is considered to be financially accountable.

#### *Government-Wide Financial Statements*

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for all of the non-fiduciary activities of the primary government. Generally, the effect of inter-fund activity has been removed from these statements.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expense and program revenues associated with a distinct functional activity. Program revenues include: *charges for services*, which report fees, fines and forfeitures, and other charges to users of the City's services; *operating grants and contributions*, which finance annual operating activities including restricted investment income; and *capital grants and contributions*, which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than expenditures.

#### *Fund Financial Statements*

Fund financial statements, as applicable, are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

<b>CITY OF PARK HILLS, KENTUCKY</b> <b>Notes to Financial Statements</b> <b>June 30, 2011</b>
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### *Funds Types*

The City reports the following governmental funds:

#### *General Fund*

This fund is the government's primary operating fund. This fund accounts for all financial resources of the general government not accounted for in another fund.

#### *Special Revenue Funds*

These funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. Currently, the City maintains special revenue funds for Municipal Aid Road Funds, Road Tax Funds, and Vehicle Fee Funds. These funds are used to account for the receipt and disbursement of funds in accordance with Kentucky Revised Statutes for Kentucky Municipal Road Aid Fund and to account for the use of a vehicle sticker license for road maintenance as stated by ordinance. The Debt Service Fund is used to pay for repairs to the sanitary sewer system which was required when the system was acquired by Sanitation District No. 1.

In 2009, the City established a fund for the acquisition of a fire truck and for economic development and property acquisition. This fund will receive a portion of revenues from the Ad Valorem property tax and will end, per ordinance, in fiscal year 2014.

### *Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). 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 they conflict with GASB pronouncements. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. 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. Grants and similar items are recognized as revenues 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. 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. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related liability is

# **CITY OF PARK HILLS, KENTUCKY**

## ***Notes to Financial Statements***

**June 30, 2011**

incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only in the year when payment is due. Major revenue sources where accrual is most likely to occur include property taxes, insurance premium taxes and payroll/gross receipts license fees.

If applicable, operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

### *Basis of Accounting*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are taxes, interest and charges for services. Fines and licenses and permits are not susceptible to accrual because generally, they are not measurable until received in cash.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

# **CITY OF PARK HILLS, KENTUCKY**

## ***Notes to Financial Statements***

**June 30, 2011**

### *Budgets*

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all governmental funds. All annual appropriations continue in effect until a new budget is adopted.

### *Encumbrances*

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the City.

### *Cash and Cash Equivalents and Investments*

Cash and cash equivalents include amounts in demand deposits as well as short-term certificates of deposit with an initial maturity date within three months of the date acquired. The City maintains no other investments.

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. Banker's acceptances.
4. Commercial paper.
5. Bonds of other state or local governments.
6. Mutual funds.

The City's deposits are categorized to give an indication of the level of risk assumed by the City at June 30, 2011. The categories are described as follows:

Category 1 - Insured or registered, with securities held by the entity or its agent in the entity name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty, or its trust department agent but not in the entity's name.

**CITY OF PARK HILLS, KENTUCKY****Notes to Financial Statements****June 30, 2011**

Fund	Category			Fair Value
	1	2	3	
General Fund	\$ 12,727	\$ -	\$ -	\$ 12,727
Special Revenue	681,173	-	-	681,173
Total	<u>\$ 693,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 693,900</u>

Interest Rate Risk – In accordance with City policy, interest rate risk is limited by investing in only certificates of deposit with the highest rate of return and with the maximum security of principal. Investments are undertaken in a manner that seeks to ensure the preservation of capital in its portfolio.

Credit Risk – The City limits its investments to certificates of deposit issued by banks within the Commonwealth of Kentucky; these certificates have no credit rating applied.

Concentration of Credit Risk – The City has no policy which limits the concentration of credit risk.

Custodial Credit Risk – For deposits, this is the risk that, in the event of a bank failure, the City's deposits will not be returned. The City maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As allowed by law, the depository has pledged securities, in conjunction with the FDIC insurance, in an amount at least equal to the amount of City funds on deposit at all times. As of June 30, 2011, the City's deposits are entirely insured with FDIC insurance and/or collateralized with securities held by the financial institutions on the City's behalf.

#### *Prepaid Items*

Payments made to vendors for services that will benefit periods beyond June 30, 2011 are recorded as prepaid items.

#### *Restricted Assets*

Certain cash accounts have been classified as restricted assets to indicate that they have been earmarked for a specific use.

#### *Compensated Absences*

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditures and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. A decrease in expenditure of \$10,245 is recorded in the government-wide financial statements for this liability. No liability is recorded for non-vested accumulating rights to receive sick pay benefits. At June 30, 2011 the liability for compensated absences is \$2,763.



# **CITY OF PARK HILLS, KENTUCKY**

## **Notes to Financial Statements**

**June 30, 2011**

### *Long-term Obligations*

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

### *Fund Equity*

Net assets are 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.

The City uses funds and account groups to report on its financial position and the result of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

*Nonspendable* fund balances consist of amounts that are not in spendable form; the City considers prepaid expenses to be nonspendable.

*Restricted* fund balances are amounts that can only be used pursuant to constraints imposed by external sources; such as state government restrictions or the funds restricted by the will of the City's voters. These include residual balances from the Kentucky Municipal Aid Road, Road Tax, Vehicle Fee, and the Fire Truck/Economic Development Funds.

*Committed* fund balances are amounts that can only be used for specific purposes as stipulated internally by the City Council. These items can only be changed or lifted by the Council taking the same formal action that imposed the restraint. These funds include balances from the Sanitation/Debt Service Fund.

*Assigned* fund balances consists of funds that are set aside with the intent to be used for a specific purpose by the City's highest level of decision making authority or a body or official that has been given the authority to assign funds. The City has no balances that are considered to be *assigned*.

*Unassigned* fund balances consist of all residual funds not included in nonspendable, restricted, committed, or assigned fund balances.

### *Inter-fund Transactions*

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.

<b>CITY OF PARK HILLS, KENTUCKY</b> <b>Notes to Financial Statements</b> <b>June 30, 2011</b>
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All other inter-fund transactions, except reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

*Comparative Data*

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data has not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

**NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

- 1) In accordance with City code, prior to June 1, the Mayor submits to the City Council a proposed operating budget 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.
- 2) Public hearings are conducted to obtain taxpayer comment.
- 3) Prior to June 30, the budget is legally enacted through passage of an ordinance.
- 4) The Mayor is required by Kentucky Revised Statutes to present a quarterly report to the City Council explaining any variance from the approved budget.
- 5) Appropriations continue in effect until a new budget is adopted.
- 6) The City Council may authorize supplemental appropriations during the year. The City had one budget amendment 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.

**NOTE C – RECEIVABLES**

Property values are assessed as of January 1. Taxes are levied on July 1 and are due and payable on or before September 30. The City bills and collects its own property taxes. An adjustment is made at June 30 to recognize property taxes levied during the year which are still receivable at year end. A deferred revenue account is established for delinquent taxes to the extent that their collectability is improbable.

**CITY OF PARK HILLS, KENTUCKY****Notes to Financial Statements****June 30, 2011****NOTE D – FIXED ASSETS**

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and are comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. General capital assets are those assets not specifically related to activities reported in proprietary funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets. All fixed assets are valued at historical cost or historical estimated cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. The City has elected to capitalize assets with a cost of \$1,000 or more. Capital assets are depreciated 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 statement of net assets. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	40 years
Building improvements	10-20 years
Infrastructure	25-40 years
Vehicles	5-10 years
Machinery and equipment	3-5 years

Depreciation expense was charged to government functions as follows:

Governmental Activities	
Administration	\$ 8,143
Public safety	53,104
Public works	13,276
Infrastructure	<u>736,322</u>
Total Governmental Activities Depreciation Expense	<u>\$ 810,845</u>

The following is a summary of the changes in fixed assets during the fiscal year:

	June 30, 2010	Additions	Deletions	June 30, 2011
Land and improvements	\$ 409,671	\$ -	\$ -	\$ 409,671
Buildings and improvements	223,327	-	-	223,327
Infrastructure	14,307,110	419,331	(372,667)	14,353,774
Vehicles	780,052	109,491	(21,553)	867,990
Machinery and equipment	616,673	6,731	-	623,404
Subtotal	16,336,833	535,553	(394,220)	16,478,166
Accumulated depreciation	(10,939,330)	(810,845)	394,220	(11,355,955)
Total assets, net	<u>\$ 5,397,503</u>	<u>\$ (275,292)</u>	<u>\$ -</u>	<u>\$ 5,122,211</u>

**CITY OF PARK HILLS, KENTUCKY****Notes to Financial Statements****June 30, 2011****NOTE E – GENERAL LONG TERM DEBT***Capital Lease – Building Improvements/Equipment*

The City executed a lease-purchase agreement in July 2000 for the purchase of equipment and renovations to the City Building at a total cost of \$150,000. Terms of the lease-purchase agreement are 10 years at an interest rate of 5.95%. This lease was refinanced in April 2002 at a 4.57% interest rate. The City executed a lease agreement in May of 2005 for the refinancing of the April 2002 obligation and for the purchase of real property in the City of Park Hills at a total cost of \$250,000. Terms of the lease-purchase agreement are 10 years at an annual interest rate of 4.5%. The maturity date of this lease is December 15, 2015. The remaining April 2002 lease-purchase obligation of \$99,226 plus \$3,843 in interest was paid in full from the proceeds of the May 2005 lease agreement.

Annual lease payment requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$ 12,500	\$ 7,736	\$ 20,236
2013	12,500	7,173	19,673
2014	12,500	6,611	19,111
2015	12,500	6,049	18,549
2016	125,000	2,836	127,836
Totals	<u>\$ 175,000</u>	<u>\$ 30,405</u>	<u>\$ 205,405</u>

*Capital Lease – Fire Truck*

In June 2009, the City executed a lease-purchase agreement for the purchase of a fire truck at a total cost of \$440,000. Terms of the lease-purchase agreement are 5 years at an interest rate of 5.88%.

Annual lease payment requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$ 84,390	\$ 16,236	\$ 100,626
2013	89,488	11,138	100,626
2014	18,071	5,733	23,804
Totals	<u>\$ 191,949</u>	<u>\$ 33,107</u>	<u>\$ 225,056</u>

*Promissory Note Payable*

On December 12, 2006, the City Council passed Ordinance No. 13, which approved the purchase of land for \$300,000. A promissory note with the property's former owners, with an interest rate of 3.0% per annum, was signed on December 18, 2006 to begin both principal and interest payment three years from the date of the note, on December 18, 2009. The payment

**CITY OF PARK HILLS, KENTUCKY****Notes to Financial Statements****June 30, 2011**

of this note has been the subject of several lawsuits against the City. As of the date of these financial statements, this loan balance remains at \$300,000.

*Vehicle Note Payable*

On November 10, 2010, a promissory note with 5/3 Bank for \$13,000 was signed for the purchase of a vehicle, with an interest rate of 5.9% fixed. The note's maturity date is November 10, 2011.

*Summary of General Long-Term Debt*

The following changes occurred in the General Long-Term Debt Account Group during the year ended June 30, 2011:

	Balance June 30, 2010	Additions	Principal Payments	Balance June 30, 2011
Promissory note	\$ 300,000	\$ -	\$ -	\$ 300,000
Capital lease - building	187,500	-	(12,500)	175,000
Capital lease - fire truck	271,532		(79,583)	191,949
Vehicle note	-	13,000	-	13,000
	<u>\$ 759,032</u>	<u>\$ 13,000</u>	<u>\$ (92,083)</u>	<u>\$ 679,949</u>

Of the \$679,949 General Long-Term Debt Account Group balance at June 30, 2011 \$409,890 is a current liability due within one year of June 30, 2011 and \$270,059 is a long-term liability, due in more than one year from the date of these financial statements.

**NOTE F – EMPLOYEE RETIREMENT SYSTEM***County Employees Retirement System (CERS)*

The City participates in the County Employees Retirement System of Kentucky ("Plan"). The Plan is a cost-sharing, multi-employer public retirement plan created by and operating under Kentucky law. It is a defined benefit plan that covers substantially all regular employees of the City. The County Employees Retirement System covers substantially all regular non-certified full-time employees of each county and school board, and any additional local agencies electing to participate. The Plan provides for retirement, disability and death benefits. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained in writing from the County Employee Retirement System, 1260 Louisville Road, Perimeter Park West, Frankfort, Kentucky, 40601.



**CITY OF PARK HILLS, KENTUCKY****Notes to Financial Statements****June 30, 2011**

Participating non-hazardous employees contribute 5% (8% for hazardous duty employees) of their creditable compensation. Employer contribution rates are intended to fund the normal cost on a current basis plus 1% of un-funded past service costs per annum plus interest at the actuarial assumed rate. Such contribution rates are determined by the Board of Trustees of Kentucky Retirement Systems each biennium. The City contributed 16.93% (33.25% for hazardous duty employees) of the non-hazardous duty employee's compensation during the fiscal year ended June 30, 2011.

The City of Park Hills' made all required contributions for the Plan pension obligation for the fiscal year ended June 30, 2011. The required contribution and the actual percentage contributed by the City for the current and previous five years is as follows:

Year	Required Contribution	Percentage Contributed
2011	\$ 134,357	100%
2010	111,009	100%
2009	102,584	100%
2008	121,379	100%
2007	87,434	100%
2006	81,070	100%

**NOTE G – 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 amount, 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 H – 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 effectively managed risk through various employee education and prevention programs.

**NOTE I – SUBSEQUENT EVENTS**

Management has evaluated events through February 10, 2012, the date on which the financial statements were available for issue. The City had one event subsequent to June 30, 2011 through February 10, 2012 to disclose.

During November 2011, the sale of the Dixie Highway (Popps Property) was finalized. This sale will, in fiscal year 2012, remove both the asset and its associated \$300,000 current promissory note payable, described in Note E above, from the City's books.

# CITY OF PARK HILLS, KENTUCKY

## Budgetary Comparison Schedule - Budget to Actual - General Fund

For the Year Ended June 30, 2011

	Original Budget	Amendments	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Budgetary fund balance, July 1</b>	\$ 13,272	\$ 43,178	\$ 56,450	\$ 56,450	\$ -
<b>Resources (inflows):</b>					
<b>TAXES</b>					
Property taxes	456,966	6,000	462,966	458,985	(3,981)
Municipal insurance tax	300,000	50,000	350,000	385,898	35,898
Payroll/gross receipts taxes	289,000	(58,287)	230,713	211,401	(19,312)
<b>TOTAL TAXES</b>	<u>1,045,966</u>	<u>(2,287)</u>	<u>1,043,679</u>	<u>1,056,284</u>	<u>12,605</u>
<b>LICENSES AND PERMITS</b>					
Occupational license	28,000	(2,000)	26,000	25,315	(685)
Franchise fees	50,000	(11,182)	38,818	38,818	-
Other fees and licenses	4,375	300	4,675	4,675	-
<b>TOTAL LICENSES AND PERMITS</b>	<u>82,375</u>	<u>(12,882)</u>	<u>69,493</u>	<u>68,808</u>	<u>(685)</u>
<b>INTERGOVERNMENTAL</b>	<u>18,680</u>	<u>4,423</u>	<u>23,103</u>	<u>22,752</u>	<u>(351)</u>
<b>CHARGES FOR SERVICES</b>					
Trash collection fees	162,302	-	162,302	159,820	(2,482)
Law enforcement fees, civic duty	15,000	(1,276)	13,724	13,806	82
Fund administration	11,000	-	11,000	11,000	-
<b>TOTAL CHARGES FOR SERVICES</b>	<u>188,302</u>	<u>(1,276)</u>	<u>187,026</u>	<u>184,626</u>	<u>(2,400)</u>
<b>OTHER REVENUES</b>					
Creighton revenue	28,000	(4,000)	24,000	21,323	(2,677)
Code enforcement board fines	19,000	(16,512)	2,488	2,488	-
Police fines	6,000	(4,157)	1,843	1,892	49
Interest income	800	15	815	811	(4)
Grants	1,481	(64)	1,417	1,417	-
Transfer from other funds	-	72	72	72	-
Loan proceeds	-	13,000	13,000	13,000	-
Miscellaneous	3,050	32,937	35,987	23,006	(12,981)
<b>TOTAL OTHER REVENUES</b>	<u>58,331</u>	<u>21,291</u>	<u>79,622</u>	<u>64,009</u>	<u>(15,613)</u>
<b>Amounts available for appropriation</b>	<u>1,406,926</u>	<u>52,447</u>	<u>1,459,373</u>	<u>1,452,929</u>	<u>(6,444)</u>
<b>Charges to appropriations (outflows):</b>					
General administration expenses	153,723	16,934	170,657	178,888	(8,231)
Police department expenses	578,906	(8,245)	570,661	584,665	(14,004)
Fire/rescue department expenses	124,814	(16,262)	108,552	130,054	(21,502)
Public works expenses	96,907	(5,355)	91,552	106,790	(15,238)
Building and utilities	59,112	(5,451)	53,661	55,783	(2,122)
Contract services	276,692	19,476	296,168	295,473	695
Capital improvements	62,500	22,666	85,166	23,173	61,993
<b>Total appropriations</b>	<u>1,352,654</u>	<u>23,763</u>	<u>1,376,417</u>	<u>1,374,826</u>	<u>1,591</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ 54,272</u>	<u>\$ 28,684</u>	<u>\$ 82,956</u>	<u>\$ 78,103</u>	<u>\$ (4,853)</u>

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

**CITY OF PARK HILLS, KENTUCKY****Budgetary Comparison Schedule - Budget to Actual - Municipal Aid Road Fund**  
**For the Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Amendments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<b>Budgetary fund balance, July 1</b>	\$ 18,955	\$ 5,154	\$ 24,109	\$ 24,109	\$ -
<b>Resources (inflows):</b>					
Intergovernmental revenue	58,955	5,045	64,000	64,543	543
Interest income	200	(145)	55	53	(2)
<b>Amounts available for appropriation:</b>	<u>78,110</u>	<u>10,054</u>	<u>88,164</u>	<u>88,705</u>	<u>541</u>
<b>Charges to appropriations (outflows):</b>					
Street maintenance	76,110	(36,110)	40,000	33,023	6,977
Administration	2,000	-	2,000	2,000	-
<b>Total appropriations</b>	<u>78,110</u>	<u>(36,110)</u>	<u>42,000</u>	<u>35,023</u>	<u>6,977</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ 46,164</u>	<u>\$ 46,164</u>	<u>\$ 53,682</u>	<u>\$ 7,518</u>

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

# CITY OF PARK HILLS, KENTUCKY

## Budgetary Comparison Schedule - Budget to Actual - Vehicle Fee Fund For the Year Ended June 30, 2011

	Original Budget	Amendments	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Budgetary fund balance, July 1	\$ 144,776	\$ (258)	\$ 144,518	\$ 144,518	\$ -
Resources (inflows):					
Personal property taxes - auto	38,000	(9,700)	28,300	28,982	682
Interest income	300	(130)	170	164	(6)
Amounts available for appropriation:	183,076	(10,088)	172,988	173,664	676
Charges to appropriations (outflows):					
Street maintenance	179,076	(90,614)	88,462	88,462	-
Administration	4,000	-	4,000	4,000	-
Total appropriations	183,076	(90,614)	92,462	92,462	-
Budgetary fund balance, June 30	\$ -	\$ 80,526	\$ 80,526	\$ 81,202	\$ 676

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

**CITY OF PARK HILLS, KENTUCKY****Budgetary Comparison Schedule - Budget to Actual - Road Tax Fund**  
**For the Year Ended June 30, 2011**

	<b>Original Budget</b>	<b>Amendments</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Budgetary fund balance, July 1</b>	\$ 496,127	\$ 17,084	\$ 513,211	\$ 512,572	\$ (639)
<b>Resources (inflows):</b>					
Road tax revenue	293,062	11,189	304,251	303,113	(1,138)
Interest income	3,000	(2,000)	1,000	992	(8)
Reimbursement from water/sanitation	-	122,981	122,981	122,981	-
<b>Amounts available for appropriation:</b>	<u>792,189</u>	<u>149,254</u>	<u>941,443</u>	<u>939,658</u>	<u>(1,785)</u>
<b>Charges to appropriations (outflows):</b>					
Street maintenance	787,189	(377,189)	410,000	396,029	13,971
Administration	5,000	-	5,000	5,000	-
Transfer to other funds	-	-	-	-	-
<b>Total appropriations</b>	<u>792,189</u>	<u>(377,189)</u>	<u>415,000</u>	<u>401,029</u>	<u>13,971</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ 526,443</u>	<u>\$ 526,443</u>	<u>\$ 538,629</u>	<u>\$ 12,186</u>

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

# CITY OF PARK HILLS, KENTUCKY

## Budgetary Comparison Schedule - Budget to Actual - Debt Service Fund For the Year Ended June 30, 2011

	Original Budget	Amendments	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Budgetary fund balance, July 1	\$ 40,810	\$ 410	\$ 41,220	\$ 40,960	\$ (260)
Resources (inflows):					
Sanitation surcharge	-	72	72	72	-
Interest income	100	(25)	75	73	(2)
Amounts available for appropriation:	40,910	457	41,367	41,105	(262)
Charges to appropriations (outflows):					
Streets/utilities	40,910	(38,410)	2,500	1,750	750
Total appropriations	40,910	(38,410)	2,500	1,750	750
Budgetary fund balance, June 30	\$ -	\$ 38,867	\$ 38,867	\$ 39,355	\$ 488

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



# CITY OF PARK HILLS, KENTUCKY

## Budgetary Comparison Schedule - Budget to Actual - Fire Truck/Economic Development Fund For the Year Ended June 30, 2011

	Original Budget	Amendments	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Budgetary fund balance, July 1	\$ 2,019	\$ (863)	\$ 1,156	\$ 1,156	\$ -
<b>Resources (inflows):</b>					
Real estate taxes	151,258	-	151,258	151,112	(146)
Interest income	200	(150)	50	47	(3)
<b>Amounts available for appropriation:</b>	<u>153,477</u>	<u>(1,013)</u>	<u>152,464</u>	<u>152,315</u>	<u>(149)</u>
<b>Charges to appropriations (outflows):</b>					
Transfer to other funds	31,443	(31,443)	-	-	-
Property clearing/demolition	-	22,000	22,000	24,134	(2,134)
Loan Payoff	<u>100,626</u>	<u>-</u>	<u>100,626</u>	<u>100,626</u>	<u>-</u>
<b>Total appropriations</b>	<u>132,069</u>	<u>(9,443)</u>	<u>122,626</u>	<u>124,760</u>	<u>(2,134)</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ 21,408</u>	<u>\$ 8,430</u>	<u>\$ 29,838</u>	<u>\$ 27,555</u>	<u>\$ (2,283)</u>

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

**CITY OF PARK HILLS, KENTUCKY**  
**Combined Balance Sheet - Special Revenue Funds**  
June 30, 2011

	Municipal Aid Fund	Vehicle Fee Fund	Road Tax Fund	Fire Truck/ Economic Development Fund	Debt Service Fund	Totals	
						2011	Memo Only 2010
<b>ASSETS</b>							
Restricted cash	\$ 50,034	\$ 51,203	\$ 516,892	\$ 23,689	\$ 39,355	\$ 681,173	\$ 676,226
Due from other funds	-	30,000	21,735	6,269	-	58,004	43,066
Accounts receivable	5,508	-	-	-	-	5,508	5,337
<b>TOTAL ASSETS</b>	<u>\$ 55,542</u>	<u>\$ 81,203</u>	<u>\$ 538,627</u>	<u>\$ 29,958</u>	<u>\$ 39,355</u>	<u>\$ 744,685</u>	<u>\$ 724,629</u>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 1,860	\$ -	\$ -	\$ 2,402	\$ -	\$ 4,262	\$ 1,314
<b>TOTAL LIABILITIES</b>	<u>1,860</u>	<u>-</u>	<u>-</u>	<u>2,402</u>	<u>-</u>	<u>4,262</u>	<u>1,314</u>
<b>FUND BALANCE</b>							
Restricted	53,682	51,203	516,892	21,287	-	643,064	676,226
Committed	-	30,000	21,735	6,269	39,355	97,359	47,089
<b>TOTAL FUND BALANCE</b>	<u>53,682</u>	<u>81,203</u>	<u>538,627</u>	<u>27,556</u>	<u>39,355</u>	<u>740,423</u>	<u>723,315</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 55,542</u>	<u>\$ 81,203</u>	<u>\$ 538,627</u>	<u>\$ 29,958</u>	<u>\$ 39,355</u>	<u>\$ 744,685</u>	<u>\$ 724,629</u>

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

# CITY OF PARK HILLS, KENTUCKY

## Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Special Revenue Funds

For the Year Ended June 30, 2011

	Municipal Aid Fund	Vehicle Fee Fund	Road Tax Fund	Fire Truck/ Economic Development Fund	Debt Service Fund	Totals	
						2011	Memo Only 2010
<b>Revenues</b>							
Taxes	\$ -	\$ 28,982	\$ 303,113	\$ 151,112	\$ -	\$ 483,207	\$ 482,728
Intergovernmental	64,543	-	-	-	-	64,543	57,146
Charges for services	-	-	122,981	-	72	123,053	-
Interest income	53	164	992	47	73	1,329	2,213
<b>Total Revenues</b>	<u>64,596</u>	<u>29,146</u>	<u>427,086</u>	<u>151,159</u>	<u>145</u>	<u>672,132</u>	<u>542,087</u>
<b>Expenditures</b>							
General government	2,000	4,000	5,000	-	-	11,000	36,000
Public works	33,023	88,462	396,029	24,134	1,750	543,398	455,988
Public safety	-	-	-	-	-	-	40,000
Debt service	-	-	-	100,626	-	100,626	100,626
<b>Total Expenditures</b>	<u>35,023</u>	<u>92,462</u>	<u>401,029</u>	<u>124,760</u>	<u>1,750</u>	<u>655,024</u>	<u>632,614</u>
<b>Excess/(Deficiency) of Revenues Over/(Under)Expenditures</b>	29,573	(63,316)	26,057	26,399	(1,605)	17,108	(90,527)
<b>Fund Balances Beginning of Year</b>	<u>24,109</u>	<u>144,518</u>	<u>512,572</u>	<u>1,156</u>	<u>40,960</u>	<u>723,315</u>	<u>813,842</u>
<b>Fund Balances End of Year</b>	<u>\$ 53,682</u>	<u>\$ 81,202</u>	<u>\$ 538,629</u>	<u>\$ 27,555</u>	<u>\$ 39,355</u>	<u>\$ 740,423</u>	<u>\$ 723,315</u>

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