

CITY OF JEFFERSONTOWN, KENTUCKY

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013



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AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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Independent Auditor's Report

To the Mayor and Members of the City Council
City of Jeffersontown, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Jeffersontown, Kentucky, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor Responsibility

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 involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. According we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Jeffersontown, Kentucky, as of June 30, 2013, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 32 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in 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 America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2013, on our consideration of the City of Jeffersontown, 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* in considering the City of Jeffersontown, Kentucky's internal control over financial reporting on compliance.

Stephens & Lawson, CPAs

Louisville, Kentucky
November 12, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Jeffersontown, Kentucky's (the City) financial performance provides an overview of the City's financial activities for the year ended June 30, 2013. Please read it in conjunction with the City's financial statements, which begin on page 10.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (on pages 10 and 11) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page 10. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of this year's activities?" The statement of net position and the statement of activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position – the difference between assets and liabilities – as one way to measure the City's health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

To aid in the understanding of the statement of activities some additional explanation is provided. Of particular interest is the format that is significantly different than a typical statement of revenues, expenses, and changes in fund balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense)/revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions of the City's taxpayers. It also identifies how much of each function draws from the general revenues or if it is self-financing through fees and grants.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities by \$32,910,826 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$31,656,265. This increase is due in part to increases in current assets and decreases in both current and long-term liabilities. Total assets for the year increased by \$229,663 and total liabilities decreased by \$1,024,898.
- The three largest sources of general revenues for the City continued to be property taxes, insurance taxes, and occupational taxes. These revenue sources accounted for 85.44% of total revenues received by the City. The City's revenue of \$19,337,899 for this fiscal year is an increase of \$164,414 as compared to the previous fiscal year.
- The City's expenditures of \$18,023,733 for this fiscal year are an increase of \$490,868 as compared to the previous fiscal year.

CONDENSED FINANCIAL INFORMATION

The following condensed financial information has been derived from the government-wide financial statements.

Net Position

The total assets of the City increased by \$229,663 in fiscal year 2013 as compared to fiscal year 2012, and the total liabilities of the City decreased by \$1,024,898 over the same period of time.

	<u>2013</u>	<u>2012</u>
Assets		
Current Assets	\$ 9,810,868	\$ 9,426,946
Non-Depreciable Fixed Assets	1,124,197	1,124,197
Depreciable Fixed Assets, Net	33,918,808	34,066,899
Amortizable Assets, Net	<u>49,341</u>	<u>55,509</u>
	\$ 44,903,214	\$ 44,673,551
Liabilities		
Current Liabilities	\$ 2,011,238	\$ 2,290,569
Long-Term Liabilities	<u>9,981,150</u>	<u>10,726,717</u>
Total Liabilities	\$ 11,992,388	\$ 13,017,286
Net Position		
Net Investment in Capital Assets	\$ 29,542,254	\$ 26,291,519
Restricted	1,678,161	2,418,853
Unrestricted	<u>1,690,411</u>	<u>2,945,893</u>
Total Net Assets	\$ 32,910,826	\$ 31,656,265

Current assets exceed current liabilities by \$7,799,630 for a current ratio of approximately 4.8 to 1. This indicator clearly points out that the City has sufficient capacity to service its current debt. It is also important to note that total assets exceed total liabilities by \$32,910,826. This number represents the "net worth" of the City.

Governmental Revenues

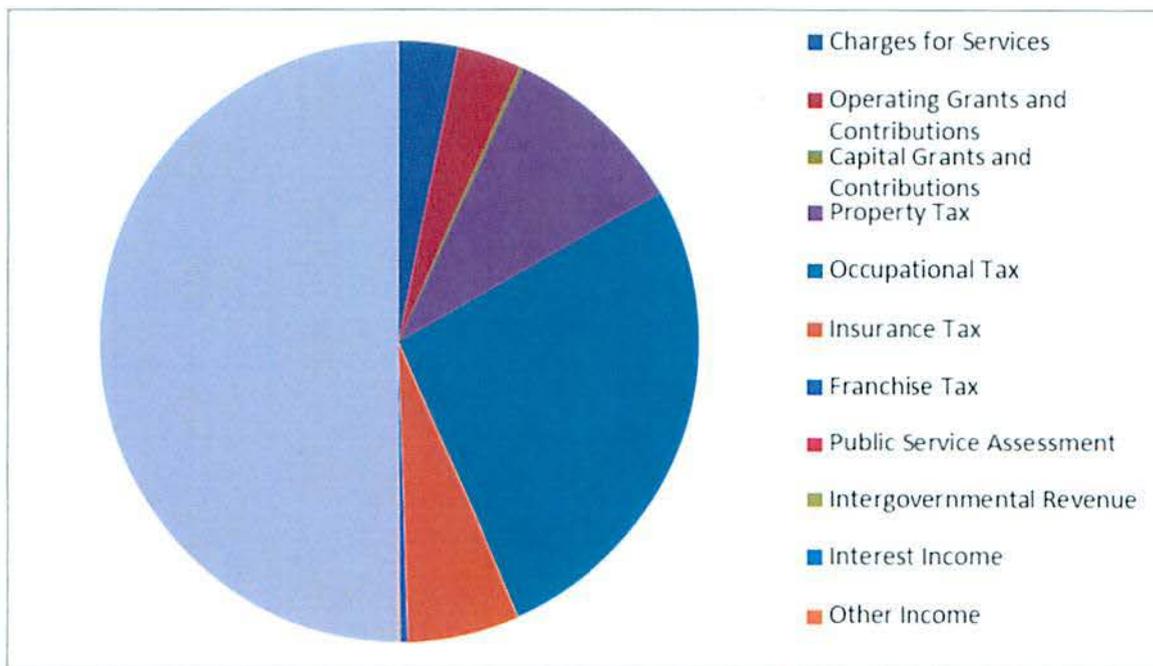
The City's primary sources of revenues in this fiscal year continued to be property and occupational taxes. These two sources comprise 73.43% and 75.37% of the total revenue collected in the fiscal years ending 2013 and 2012 respectively. Total revenues for the year ended June 30, 2013 were \$19,337,899 which is an increase of \$164,414 over the previous fiscal year. This increase is due mainly to increases in insurance taxes and grant receipts. Revenues were reported as follows:

	<u>2013</u>		<u>2012</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Program Revenues				
Charges for Services	\$ 1,216,643	6.29%	\$ 1,161,436	6.06%
Operating Grants and Contributions	1,324,863	6.85%	871,152	4.54%
Capital Grants and Contributions	<u>80,002</u>	<u>0.42%</u>	<u>234,337</u>	<u>1.22%</u>
Total program revenues	2,621,508	13.56%	2,266,925	11.82%

Governmental Revenues – Continued

	2013		2012	
	Amount	Percentage	Amount	Percentage
General Revenues				
Property Tax	3,895,074	20.14%	3,887,206	20.27%
Occupational Tax	10,304,518	53.29%	10,564,383	55.10%
Insurance Tax	2,323,412	12.01%	2,122,325	11.07%
Franchise Tax	152,798	0.79%	154,814	0.81%
Public Service Assessment	8,889	0.05%	32,756	0.17%
Intergovernmental Revenue	1,076	0.01%	833	0.00%
Sale of Surplus Equipment	-	0.00%	78,353	0.41%
Interest Income	12,457	0.06%	4,696	0.02%
Other Income	18,167	0.09%	61,194	0.33%
Total general revenues	16,716,391	86.44%	16,906,560	88.18%
Total Revenues	<u>\$ 19,337,899</u>	<u>100.00%</u>	<u>\$ 19,173,485</u>	<u>100.00%</u>

Revenues for the fiscal year ending June 30, 2013



Note: Certain reclassifications were made to the 2012 revenue categories for comparative purposes.

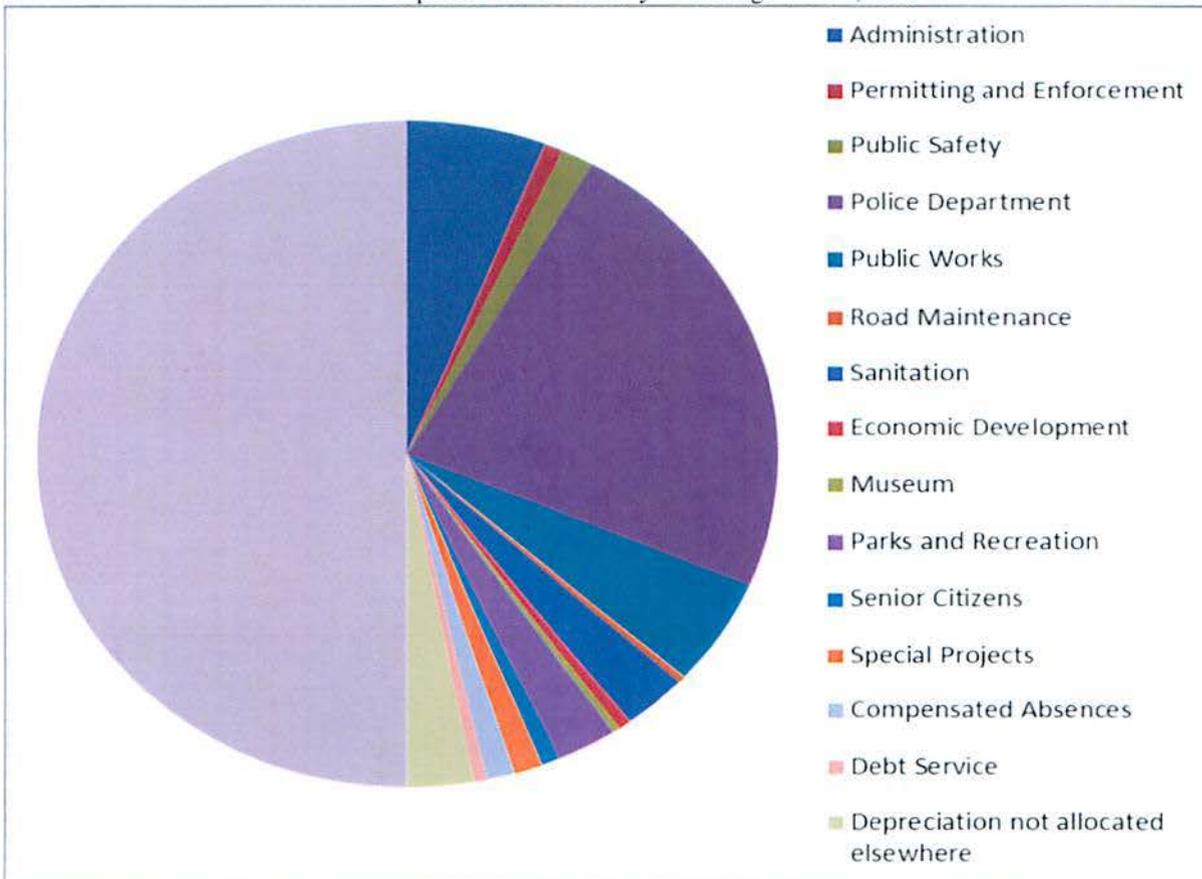
Governmental Expenses

Expenses for the year ended June 30, 2013 were \$18,023,733 which represents an increase of \$490,868 over the previous fiscal year. Expenses increased in part due to an increase in spending on administration, the police department, and public works. Expenses were reported as follows:

Governmental Expenses - Continued

	2013		2012	
	Amount	Percentage	Amount	Percentage
Program Expenses:				
Administration	\$ 2,179,478	12.09%	\$ 2,029,955	11.58%
Permitting and Enforcement	293,337	1.63%	289,728	1.65%
Public Safety	505,906	2.81%	466,273	2.66%
Police Department	8,310,314	46.11%	8,144,270	46.45%
Public Works	1,893,841	10.51%	1,730,418	9.87%
Road Maintenance	116,415	0.65%	64,512	0.37%
Sanitation	1,042,293	5.78%	1,041,834	5.94%
Economic Development	197,501	1.10%	304,292	1.74%
Museum	113,774	0.63%	114,276	0.65%
Parks and Recreation	958,442	5.32%	892,210	5.09%
Senior Citizens	289,759	1.61%	365,571	2.09%
Special Projects	444,765	2.47%	188,820	1.08%
Compensated Absences	428,087	2.38%	708,938	4.04%
Debt Service	209,955	1.16%	253,499	1.45%
Depreciation not allocated elsewhere	1,039,866	5.75%	938,269	5.34%
Total Expenses	\$ 18,023,733	100.00%	\$ 17,532,865	100.00%

Expenses for the fiscal year ending June 30, 2013



Note: Certain reclassifications were made to the 2012 expense categories for comparative purposes.

Excess of Revenues over Expenses

	<u>2013</u>	<u>2012</u>
Total Revenues	\$ 19,337,899	\$ 19,173,485
Total Expenditures	<u>18,023,733</u>	<u>17,532,865</u>
Excess (Deficiency) of Revenues Over Expenses	<u>\$ 1,314,166</u>	<u>\$ 1,640,620</u>

Change in Net Position

For the year ended June 30, 2013 and 2012, net position changed as follows:

	<u>2013</u>	<u>2012</u>
Beginning Net Position	\$ 31,656,265	\$ 30,015,645
Prior Period Adjustments	(59,605)	-
Increase in Net Position	<u>1,314,166</u>	<u>1,640,620</u>
Ending Net Position	<u>\$ 32,910,826</u>	<u>\$ 31,656,265</u>

Fixed Assets

For the year ended June 30, 2013, the City had \$78,706,327 invested in fixed assets including recreation fields and parks, buildings and improvements, equipment, vehicles, and infrastructure. A schedule of the changes in fixed assets during this fiscal year is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities				
Non-depreciable Assets:				
Land	\$ 1,124,197	\$ -	\$ -	\$ 1,124,197
Total non-depreciable assets	<u>1,124,197</u>	<u>-</u>	<u>-</u>	<u>1,124,197</u>
Depreciable Assets:				
Buildings and Improvements	8,555,583	410,955	-	8,966,538
Machinery and Equipment	2,567,369	255,510	-	2,822,879
Vehicles	3,397,672	233,902	-	3,631,574
Land Improvements	1,340,656	72,363	-	1,413,019
Infrastructure	<u>60,032,159</u>	<u>715,961</u>	<u>-</u>	<u>60,748,120</u>
Total depreciable assets	<u>75,893,439</u>	<u>1,688,691</u>	<u>-</u>	<u>77,582,130</u>
Total fixed assets	77,017,636	1,688,691	-	78,706,327
Accumulated Depreciation:				
Buildings and Improvements	3,186,833	253,058	-	3,439,891
Machinery and Equipment	2,018,704	146,792	-	2,165,496
Vehicles	2,597,216	325,318	-	2,922,534
Land Improvements	619,575	77,827	-	697,402
Infrastructure	<u>33,404,301</u>	<u>1,033,698</u>	<u>-</u>	<u>34,437,999</u>
Total accumulated depreciation	<u>41,826,629</u>	<u>1,836,693</u>	<u>-</u>	<u>43,663,322</u>
Governmental activities fixed assets, net	<u>\$ 35,191,007</u>	<u>\$ (148,002)</u>	<u>\$ -</u>	<u>\$ 35,043,005</u>

Fixed Assets - Continued

This year's major additions include the following items:

8 Vehicles	\$ 225,109
Building Improvements (City Hall, Community Center, & Tway House)	178,068
Football Field Improvements	121,400
Shared Use Trails	212,186
Paving	432,680
Tractor and Mower	55,459
HVAC for Community Center	116,650
Drainage Projects	72,363
Total	<u>\$ 1,413,915</u>

Debt

For the year ended June 30, 2013, the City had \$10,983,078 in outstanding long-term obligations. of that amount \$1,001,928 is due within the coming fiscal year. A schedule of the changes in debt during this fiscal year is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonded Debt Agreements	\$ 8,760,000	\$ -	\$ 647,854	\$ 8,112,146	\$ 689,371
Capital Lease Obligation	139,577	-	33,826	105,751	36,039
Compensated Absences	2,795,926	-	30,745	2,765,181	276,518
Total Governmental Activities	<u>\$ 11,695,503</u>	<u>\$ -</u>	<u>\$ 712,425</u>	<u>\$ 10,983,078</u>	<u>\$1,001,928</u>

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Our analysis of the City's major funds begins on page 12. The fund financial statements provide detailed information about the governmental fund – not the City as a whole. Most of the City's basic services are reported in the governmental fund, which focuses on how money flows into and out of the fund and the balance left over at year-end this is available for spending in the next period. This fund is reported using the accounting method called the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The government 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 to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and statement of activities) and governmental fund in a reconciliation at the bottom of the fund financial statements.

BUDGETARY HIGHLIGHTS

General Fund

For the year ended June 30, 2013, general fund revenues of \$18,243,286 were \$1,767,380 less than the \$20,010,666 budgeted. Revenue sources with the most significant budget shortfalls included grant income and prior year (delinquent) occupational tax collections. For the year ended June 30, 2013, general fund expenditures of \$17,344,968 were \$3,725,065 less than the \$21,070,033 budgeted. The City went over budget in the areas of parks and recreation, compensated absences, public safety, and insurance. The budget overage in parks and recreation was driven by increased expenses for adult/youth activities and increased concession stand expenses. Due to the nature and unpredictability of when compensated absences will be used, the City does not make a budget appropriation for this item causing any payments for compensated absences to result in a budget overage. Public safety was over budget due to increased street light expenses and more ambulance runs than budgeted. Lastly, insurance was over budget due to an increase in deductible payments due to accidents, falls, etc.

Road Fund

For the year ended June 30, 2013, state road aid of \$671,280 was \$5,216 less than the \$676,496 budgeted. Expenditures in the road fund of \$642,488 were \$265,008 less than the \$907,496 budgeted.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Due to a higher budget projections for grant revenue in the upcoming fiscal year as compared to this fiscal year, budgeted revenue in the general fund for fiscal year 2014 increased by \$2,091,346 to \$22,102,012.

General fund budget expenditures were increased by \$1,890,429 to \$23,060,462 to reflect increased spending on capital projects.

The difference between budgeted revenue and expenditures for fiscal year 2014 was covered by a surplus brought forward from this fiscal year.

In October 2013, the City of Jeffersontown refinanced the 2000, 2005, and 2008 variable rate debt instruments into a new fixed rate obligation. This will result in an estimated interest savings of \$1,200,000 over the life of the obligation and allow to City to pay off all existing debt by 2022.

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 any questions about this report or need additional information, contact the City Clerk's Office at 10416 Watterson Trail, Jeffersontown, Kentucky 40299

Respectfully submitted,



Bill Dieruf
Mayor



Bill Fox
City Clerk/Treasurer

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government Governmental Activities
<u>ASSETS</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 4,498,812
Investments	1,610,269
Receivables	3,701,787
Total Current Assets	9,810,868
Non-current Assets:	
Non-depreciable Fixed Assets	1,124,197
Depreciable Fixed Assets, Net	33,918,808
Amortizable Bond Issue Costs, Net	49,341
Total Non-current Assets	35,092,346
Total Assets	\$ 44,903,214
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 205,703
Payroll Taxes and Withholdings Payable	328,152
Accrued Payroll	255,002
User Deposits	82,508
Deferred Revenue	96,250
Accrued Interest	41,695
Capital Lease Obligations Due Within One Year	36,039
Bonded Debt Obligations Due Within One Year	689,371
Accrued Compensated Absences Due Within One Year	276,518
Total Current Liabilities	2,011,238
Noncurrent Liabilities:	
Capital Lease Obligations in Excess of One Year	69,712
Bonded Debt Obligations in Excess of One Year	7,422,775
Accrued Compensated Absences	2,488,663
Total Long-Term Liabilities	9,981,150
Total Liabilities	11,992,388
<u>NET POSITION</u>	
Net Investment in Capital Assets	29,542,254
Restricted	1,678,161
Unrestricted	1,690,411
Total Net Position	32,910,826
Total Liabilities and Net Position	\$ 44,903,214

See the accompanying notes to the financial statements.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF ACTIVITIES
JUNE 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Net (Expense) Revenue</u>
Primary Government:					
Governmental Activities:					
Administration	\$ 2,179,478	\$ 378,130	\$ 38	\$ -	\$ (1,801,310)
Permitting and Enforcement	293,337	106,587	-	-	(186,750)
Public Safety	505,906	-	-	-	(505,906)
Police Department	8,310,314	325,702	275,563	80,002	(7,629,047)
Public Works	1,893,841	-	37,085	-	(1,856,756)
Road Maintenance	116,415	-	671,280	-	554,865
Sanitation	1,042,293	-	-	-	(1,042,293)
Economic Development	197,501	-	-	-	(197,501)
Museum	113,774	-	-	-	(113,774)
Parks and Recreation	958,442	304,629	-	-	(653,813)
Senior Citizens	289,759	101,595	-	-	(188,164)
Special Projects	444,765	-	340,897	-	(103,868)
Compensated Absences	428,087	-	-	-	(428,087)
Debt Service	209,955	-	-	-	(209,955)
Depreciation not allocated elsewhere	1,039,866	-	-	-	(1,039,866)
Total Governmental Activities	<u>18,023,733</u>	<u>1,216,643</u>	<u>1,324,863</u>	<u>80,002</u>	<u>(15,402,225)</u>
Total Primary Government	<u>\$ 18,023,733</u>	<u>\$ 1,216,643</u>	<u>\$ 1,324,863</u>	<u>\$ 80,002</u>	<u>\$ (15,402,225)</u>
<u>Primary Government</u>					
<u>Governmental Activities</u>					
Changes in Net Assets:					
Net Expense	<u>\$ (15,402,225)</u>				
General Revenues:					
Taxes:					
Property Taxes	\$ 3,895,074				
Occupational Tax	10,304,518				
Insurance Tax	2,323,412				
Franchise Tax	152,798				
Public Service Assessment	8,889				
Intergovernmental Revenue	1,076				
Interest Income	12,457				
Other Income	18,167				
Total General Revenues	<u>16,716,391</u>				
Change in Net Position	<u>1,314,166</u>				
Net Position - July 1, 2012	31,656,265				
Prior Period Adjustment	(59,605)				
Net Position - June 30, 2013	<u>\$ 32,910,826</u>				

See the accompanying notes to the financial statements.

**CITY OF JEFFERSONTOWN, KENTUCKY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013**

	GOVERNMENTAL FUND TYPES				Total Governmental Funds
	General Fund	Road Fund	2005 Bond Fund	Severance Fund	
ASSETS					
Cash	\$ 3,288,537	\$ 369,264	\$ 199,883	\$ 641,128	\$ 4,498,812
Investments	-	-	-	1,610,269	1,610,269
Receivables	3,641,029	60,758	-	-	3,701,787
Total Assets	<u>6,929,566</u>	<u>430,022</u>	<u>199,883</u>	<u>2,251,397</u>	<u>9,810,868</u>
LIABILITIES					
Accounts Payable	193,485	12,218	-	-	205,703
Payroll Taxes and Withholdings Payable	328,152	-	-	-	328,152
Accrued Payroll	255,002	-	-	-	255,002
User Deposits	82,508	-	-	-	82,508
Deferred Revenue	448,361	-	-	-	448,361
Total Liabilities	<u>1,307,508</u>	<u>12,218</u>	<u>-</u>	<u>-</u>	<u>1,319,726</u>
FUND BALANCES					
Restricted	419,346	417,804	199,883	1,210,443	2,247,476
Assigned	958,450	-	-	1,040,954	1,999,404
Unassigned	4,244,262	-	-	-	4,244,262
Total Fund Balances	<u>5,622,058</u>	<u>417,804</u>	<u>199,883</u>	<u>2,251,397</u>	<u>8,491,142</u>
Total Liabilities and Fund Balances	<u>\$ 6,929,566</u>	<u>\$ 430,022</u>	<u>\$ 199,883</u>	<u>\$ 2,251,397</u>	<u>\$ 9,810,868</u>

Reconciliation of Total Fund Balance, Governmental Funds to Net Position of Governmental Activities:

Total Fund Balances, Governmental Funds	\$ 8,491,142
Amounts reported for governmental activities in the statement of net position are different because of the following:	
Certain property tax and code enforcement fine revenue are earned but not available and therefore are shown as deferred income in the fund financial statements	352,111
Fixed assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$43,663,322.	35,043,005
Certain debt acquisition costs are reported as an expenditure in the fund financial statements at the time of issuance, while those same costs are amortized out in the government-wide financial statements.	49,341
Long-term obligations are not due and payable in the current period and therefore are not reported in the fund financial statements.	<u>(11,024,773)</u>
Net Position of Governmental Activities	<u>\$ 32,910,826</u>

See the accompanying notes to the financial statements.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	GOVERNMENTAL FUND TYPES				Totals Governmental Funds
	General Fund	Road Fund	2005 Bond Fund	Severance Fund	
REVENUE					
Property Tax	\$ 3,836,357	\$ -	\$ -	\$ -	\$ 3,836,357
Occupational Tax	10,304,518	-	-	-	10,304,518
Insurance Tax	2,323,412	-	-	-	2,323,412
Franchise Tax	152,798	-	-	-	152,798
Public Service Assessments	8,889	-	-	-	8,889
Intergovernmental	249,500	671,280	-	-	920,780
License and Permits	402,146	-	-	-	402,146
Charge for Service	766,080	-	-	-	766,080
Grants	411,337	-	-	-	411,337
Donations	73,825	-	-	-	73,825
Interest Income	894	67	2	11,493	12,456
Other Income	18,236	-	-	-	18,236
Total Revenue	<u>18,547,992</u>	<u>671,347</u>	<u>2</u>	<u>11,493</u>	<u>19,230,834</u>
EXPENDITURES					
General Government					
Administration	1,265,888	-	-	12	1,265,900
Permitting and Enforcement	293,337	-	-	-	293,337
Insurance	515,446	-	-	-	515,446
Revenue Department	325,859	-	-	-	325,859
Total General Government	<u>2,400,530</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>2,400,542</u>
Public Safety:					
Ambulance Service	52,060	-	-	-	52,060
Civil Service	1,416	-	-	-	1,416
Police Department	8,029,266	-	-	-	8,029,266
Street Lights	452,430	-	-	-	452,430
Total Public Safety	<u>8,535,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,535,172</u>
Public Works	1,781,430	-	-	-	1,781,430
Road Maintenance	-	116,416	-	-	116,416
Sanitation	1,042,293	-	-	-	1,042,293
Economic Development	189,471	-	-	-	189,471
Museum	113,774	-	-	-	113,774
Parks and Recreation	629,214	-	-	-	629,214
Senior Citizens	289,759	-	-	-	289,759
Special Projects	444,765	-	-	-	444,765
Compensated Absences	458,832	-	-	-	458,832
Debt Service	601,815	-	293,941	-	895,756
Capital Outlay	1,162,619	526,072	-	-	1,688,691
Total Expenditures	<u>17,649,674</u>	<u>642,488</u>	<u>293,941</u>	<u>12</u>	<u>18,586,115</u>
Excess of Revenues over Expenditures	898,318	28,859	(293,939)	11,481	644,719
OTHER FINANCING SOURCES (USES)					
Transfer In	394,793	-	293,941	200,000	888,734
Transfer Out	(493,941)	-	(1,600)	(393,193)	(888,734)
Total Other Financing Sources (Uses)	<u>(99,148)</u>	<u>-</u>	<u>292,341</u>	<u>(193,193)</u>	<u>-</u>
Net Change in Fund Balances	799,170	28,859	(1,598)	(181,712)	644,719
Fund Balances Beginning of Year	4,196,890	301,797	204,581	2,433,109	7,136,377
Prior Period Adjustment	625,998	87,148	(3,100)	-	710,046
Fund Balances End of Year	<u>\$ 5,622,058</u>	<u>\$ 417,804</u>	<u>\$ 199,883</u>	<u>\$ 2,251,397</u>	<u>\$ 8,491,142</u>

See the accompanying notes to the financial statements.

**CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013**

Reconciliation of the net changes in fund balances - total governmental funds to the change in net position of governmental activities:

Net Change in Fund Balances - Total Governmental Funds \$ 644,719
Amounts reported for governmental activities in the statement
of activities are difference because:

Certain property taxes and code enforcement assessments will not be collected for several months after the City's fiscal year ends. they are not considered "available" revenue and are deferred in the fund financial statements. Deferred tax revenues increased by this amount this year 176,802

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	\$ 1,688,691	
Depreciation expense	(1,836,693)	(148,002)

Certain debt acquisition costs are reported as an expenditure in the fund financial statements at the time of issuance, while those same costs are amortized out over the life of the loan in the government-wide financial statements.

Amortization expense (6,168)

Debt proceeds are reported as other financing sources in the fund financial statements and thus contribute to the change in fund balance. In the statement of net position however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the fund financials, but reduces the liability in the statement of net position.

Repayment of principal on long-term obligations 681,680

Compensated absences are shown as a long-term obligation in the government-wide financial statements, but are not recognized as a liability in the fund financial statements, as such the change in the liability from year to year is recognized only in the statement of activities.

Net decrease in compensated absence balance (30,745)

Interest costs associated with long-term debt obligations are accrued at year end in the government-wide financial statements, whereas that cost is not recognized in the fund financials until the amount comes due and payable.

Net change in accrued interest expense (4,120)

Change in Net Position of Governmental Activities \$ 1,314,166

**CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Jeffersontown, Kentucky (the City) is a second class city located in Jefferson County, Kentucky. It operates under an elected mayor-council form of government. The City provides the following services authorized by its charter: police, sanitation, economic development, street maintenance, and recreation.

All significant activities and organizations on which the City of Jeffersontown, Kentucky exercises oversight responsibility have been included in the City's financial statements, for the year ended June 30, 2013. The following criteria regarding manifestation of oversight were considered by the City in its evaluation of City organizations and activities:

Financial interdependency - The City is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the City.

Election of the government authority - The locally elected City Council is exclusively responsible for all public decisions and accountable for the decisions it makes.

Ability to significantly influence operations - The City Council has the statutory authority under the provisions of the Revised Statutes to significantly influence operations. This authority includes, but is not limited to, adoption of the budget, control over all assets, including facilities and properties, short-term borrowing, signing contracts, and developing the programs to be provided.

Accountability of fiscal matters - The responsibility and accountability over all funds is vested in the City management.

After consideration of the above criteria, no additional entities are deemed to be component units of the City.

Basic Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the City are classified as governmental activities; the City has no business-type activities.

Government-wide Financial Statements:

These financial statements display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds.

In the statement of net position, the governmental activities columns is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The statement of activities reports both the gross and net cost of each of the City's functions (administration, police, civil service, public works, etc.). The functions are also supported by general government revenues (property taxes, insurance, taxes, occupational taxes and certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (administration, police, civil service, public works, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

**CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2013**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Basic Financial Statements - Continued

Government-wide Financial Statements - continued:

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, insurance taxes, occupational taxes and certain intergovernmental revenues, interest income, etc.).

The City does not allocate indirect costs and all interfund activity is eliminated in the government-wide financial statements.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

Fund Financial Statements:

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds, except that the primary operating fund of the City, the general fund, is always considered major. Those criteria for evaluation of all other funds are as follows:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The City electively added funds, as major funds, for the 2005 bonded debt issue and the severance fund. The City does not present any funds as nonmajor in the financial statements.

The funds of the financial reporting entity are described below:

Governmental Type Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The City reports these major governmental funds and fund types:

General Fund - The general fund is the City's primary operating fund. It is used to account for and report all financial resources except those legally or administratively required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The City utilized the following special revenue funds:

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Basic Financial Statements - Continued

Fund Financial Statements - Continued:

Governmental Type Funds - continued

Road Fund – Used to account for state road funds that are allocated to the City by the State of Kentucky.

Bond Fund – Used to account for funds from a 2005 debt issue along with the related debt service payments on this issue.

Severance Fund – Used to account for funds from both a 2008 debt issue to help the City meet the financial obligations it has to retiring employees and for funds set aside annually by the City for the same purpose.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the “current financial resources” measurement focus is used. Only current financial assets and liabilities are generally included on the balance sheet. The operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net position and the statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recorded when due.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Measurement Focus and Basis of Accounting - Continued

Basis of Accounting - Continued

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. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities in the financial statements.

Encumbrances

The City does not employ encumbrance accounting; under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to preserve that portion of the applicable appropriation.

Cash and Cash Equivalents

The City considers all cash in bank and highly liquid investments with a maturity of ninety days or less to be cash and cash equivalents.

Investments

Investments of the primary government are valued at fair market value. Additionally, all investments of the primary government comply with the Kentucky Revised Statutes concerning the types of investments allowed.

Inventories

Disbursements for inventory type items are considered expenditures at the time of purchase.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes, insurance taxes and occupational taxes.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property tax, insurance tax, occupational tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions, collectible but not available are deferred in the fund financial statements in accordance with modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis.

The City considers all receivables to be fully collectible; therefore, an allowance for doubtful accounts is not necessary.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Fixed Assets

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. For financial reporting purposes, the City has decided to only capitalize individual assets with a value of \$5,000 or greater. Fixed assets are not reported on the fund financial statements.

Prior to July 1, 2012, infrastructure assets were not capitalized. The City engaged the services of a local engineering firm to inventory and value the roads and bridges that comprise the City's infrastructure. Starting on July 1, 2012 the City is required to keep a record of all infrastructure assets placed in service from that date forward.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful life using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

Buildings	40 years
Improvements	20 years
Machinery and Equipment	5 to 15 years
Infrastructure	10 to 25 years

Due to and Due From Other Funds

Interfund receivables and payables are recorded by all funds in the period in which transactions are executed on the fund financial statements. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Deferred Inflow/Outflow of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and thus, will not be recognized as an outflow of resources until then.

Similar to the section for deferred outflows of resources, the statement of net position will sometimes report a separate section for deferred inflows of resources in conjunction with liabilities. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and thus will not be recognized as an inflow of resources until then.

The City does not have any transactions that are required to be classified as deferred inflow/outflow of resources in the government-wide financial statements.

Accounts Payable

Accounts payable consist of trade payable to vendors who provide goods and services to the City.

Compensated Absences

City policies regarding vacation and sick time permit employees to accumulate earned but unused time. Amounts earned each year and available for carryover depend on hire date and length of service. The City is currently reporting the accumulation of resources for this future obligation in the severance fund.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Long-term Debt

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide financial statements. Long-term debt consists primarily of bond/debt agreement obligations, capital lease obligations, and accrued compensated absences.

Long-term debt of governmental funds are not reported as liabilities in the fund financial statements. Debt proceeds are reported as other financing sources and payments of principal and interest are reported as debt service expenditures.

Equity Classifications

Government-Wide Statements

During this fiscal year, the City adopted Statement of Governmental Accounting Standards (GASB Statement) No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This statement requires equity in the government-wide financial statements to be categorized as net position. Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The City reports three categories of net position, as follows:

- a. Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consist of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Balance of net position not meeting the requirements of the other two categories.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Beginning with the fiscal year ending June 30, 2011, the City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- a. Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- c. Committed – Amounts that can be used only for specific purposes determined by a formal action by the City Council. The City Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through ordinances approved by the City Council.

**CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2013**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Equity Classifications – Continued

Fund Financial Statements - continued

- d. Assigned – Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval by City Council.
- e. Unassigned – All amounts not included in other spendable classification.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City Council considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided for otherwise.

Property Tax Revenue

The City assesses property taxes at the rate of .1478 per \$100 of assessed property value on January 1st of each calendar year and taxes are due and payable by December 31st of the same year. Bills are mailed on or before the 1st of October and any bills paid prior to October 31st are allowed a 2% discount. Bills paid between November 1st and December 31st are not allowed a discount or subject to a penalty. All bills paid after December 31st are charged a 6% penalty plus interest at the rate of 6% per annum until paid. The City has no formal date for filing liens.

Occupational License Tax

The City imposes a tax of 1% percent of wages on persons who work within the City of Jeffersontown in any business, profession, trade or occupation. Such amounts are to be withheld from the employee's wages and remitted quarterly with a completed payroll tax return detailing total wages and tax withholdings.

Insurance Premium Tax

The City imposes a tax of 5 percent on certain insurance policies in effect within the boundaries of the City. Such amounts are collected by the insurance company and remitted to the City on a quarterly basis.

Business License

The City imposes an annual license fee of \$75.00 on all persons, firms or organizations engaged in any trade or business profession operating in the City for profit or gain.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function. In the fund financial statements, governmental fund expenditures are classified by character: current, debt service, and capital outlay. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Interfund Transfers

The permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers and shown as transfers in/out on the fund financials statements. In the government-wide financials all interfund transfers between governmental funds have been eliminated.

**CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2013**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of any contingent assets and liabilities at the date of the financial statements and the classifications and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - DEPOSITS AND INVESTMENTS

Under Kentucky Revised Statutes the City is allowed to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, obligations of the Commonwealth of Kentucky and its agencies, insured savings and loans, or interest bearing deposits of insured national or state banks. The deposits in excess of insurance coverage must be fully collateralized. The City typically invests surplus cash at local banks in the form of certificates of deposit, savings accounts, and money market accounts. Presently, the City's investments consist solely of certificates of deposits held with local financial institutions.

Custodial Credit Risk – this is the risk that in the event of the failure of a counterparty (e.g., a bank) the City will not be able to recover the full value of its deposits or investments. It is the City's policy to minimize this risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, and advisors and diversifying the investment portfolio so that potential losses will be minimized. The City had exposure at June 30, 2013 to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 643,577
Uninsured but collateral held by pledging bank	3,820,739
Uninsured but collateral held by pledging bank's trust department not in City's name	-
	\$ 4,464,316

Concentration of Credit Risk – this is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City has addressed this risk by purchasing investments that are secured by FDIC insurance and spreading City funds between multiple financial institutions.

Interest Rate Risk – this is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater sensitivity of its fair value to changes in market interest rates. The City has attempted to address this risk by diversifying the maturity dates to minimize the risk of loss should interest rates rise.

The City is party to a sweep agreement with a local financial institution. Under this agreement, the City's funds in excess of a certain amount are transferred into a money market account; this account is subsequently liquidated when the balance in the primary account falls below the established minimum amount. The financial institution handles all of the activity under this agreement for the City and the City has access to all funds obligated under this agreement at any time. All funds in this account are eligible for coverage up to FDIC limits.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2013

NOTE C – RECEIVABLES

Receivables at June 30, 2013 consisted of the following:

<u>Receivable Type</u>	Statement of Net Position	Balance Sheet - Governmental Funds	
	Governmental Activities	General Fund	Road Fund
Property Tax	\$ 254,732	\$ 254,732	\$ -
Occupational Tax	2,607,668	2,607,668	-
Insurance Tax	591,411	591,411	-
Code Enforcement Fines	109,244	109,244	-
KLEFPF (Police Incentive)	17,484	17,484	-
Grants Receivable	54,590	54,590	-
Miscellaneous Receivable	5,900	5,900	-
Municipal Road Aid	60,758	-	60,758
Total Receivables	<u>\$ 3,701,787</u>	<u>\$ 3,641,029</u>	<u>\$ 60,758</u>

NOTE D – FIXED ASSETS

Fixed asset activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities				
Non-depreciable Assets:				
Land	\$ 1,124,197	\$ -	\$ -	\$ 1,124,197
Total non-depreciable assets	<u>1,124,197</u>	<u>-</u>	<u>-</u>	<u>1,124,197</u>
Depreciable Assets:				
Buildings and Improvements	8,555,583	410,955	-	8,966,538
Machinery and Equipment	2,567,369	255,510	-	2,822,879
Vehicles	3,397,672	233,902	-	3,631,574
Land Improvements	1,340,656	72,363	-	1,413,019
Infrastructure	60,032,159	715,961	-	60,748,120
Total depreciable assets	<u>75,893,439</u>	<u>1,688,691</u>	<u>-</u>	<u>77,582,130</u>
Total fixed assets	<u>77,017,636</u>	<u>1,688,691</u>	<u>-</u>	<u>78,706,327</u>
Accumulated Depreciation:				
Buildings and Improvements	3,186,833	253,058	-	3,439,891
Machinery and Equipment	2,018,704	146,792	-	2,165,496
Vehicles	2,597,216	325,318	-	2,922,534
Land Improvements	619,575	77,827	-	697,402
Infrastructure	33,404,301	1,033,698	-	34,437,999
Total accumulated depreciation	<u>41,826,629</u>	<u>1,836,693</u>	<u>-</u>	<u>43,663,322</u>
Governmental activities fixed assets, net	<u>\$35,191,007</u>	<u>\$ (148,002)</u>	<u>\$ -</u>	<u>\$35,043,005</u>

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2013

NOTE D – FIXED ASSETS - CONTINUED

Depreciation expense of \$1,836,693 was allocated to the various functions on the statement of activities as follows:

<u>Governmental Activities</u>	
Administration	\$ 72,270
Police	281,048
Public Works	112,419
Economic Development	8,030
Parks and Recreation	329,228
Infrastructure	1,033,698
Total	<u>\$ 1,836,693</u>

NOTE E – LONG-TERM OBLIGATIONS

A summary of long-term liabilities and the corresponding activity for the year ended June 30, 2013 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonded Debt Agreements	\$ 8,760,000	\$ -	\$ 647,854	\$ 8,112,146	\$ 689,371
Capital Lease Obligation	139,577	-	33,826	105,751	36,039
Compensated Absences	2,795,926	-	30,745	2,765,181	276,518
Total Governmental Activities	<u>\$ 11,695,503</u>	<u>\$ -</u>	<u>\$ 712,425</u>	<u>\$ 10,983,078</u>	<u>\$1,001,928</u>

A summary of long-term liabilities and the corresponding activity for the year ended June 30, 2013 is as follows:

Bonded Debt Agreements:

2000 KLC Funding Trust Agreement

On June 9, 2000, the City entered into an agreement with the Kentucky League of Cities Funding Trust Program (the Trust) to borrow \$6,625,000. The proceeds from this borrowing were used as follows:

1. The acquisition, construction and installation of infrastructure improvement, including street repairs and extensions as well as drainage system improvements.
2. The refunding and retirement of the following long-term obligations:
 - a. Lease agreement dated November 1, 1996 between the City and the Trust.
 - b. Lease agreement dated January 28, 1998 between the City and the Trust.
 - c. Lease agreement dated September 1, 1998 between the City and the Trust.

Proceeds from these agreements were used to finance the acquisition, construction, installation and equipping of youth recreational facilities, a senior citizens center, park improvements, a library, sidewalk improvements, municipally owned recreational facilities and drainage system improvements.

This agreement requires monthly payments of interest, with quarterly payments of principal, for a period of 20 years at a variable rate of interest. The first payment is due on September 15, 2000 with the final payment due on June 15, 2020. The balance owed under this agreement at June 30, 2013 is \$3,100,000.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2013

NOTE E – LONG-TERM OBLIGATIONS - CONTINUED

Bonded Debt Agreements - Continued:

2005 Series Bonds

On July 21, 2005 the City issued \$5,730,000 in general obligation bonds series 2005A and \$1,455,000 general obligation bonds series 2005B. Proceeds of these issues were used to extinguish the City's outstanding obligations with respect to the 1994 Certificates of Participation and Line of Credit as well as certain capital projects. The series 2005B bonds matured and were paid off as of June 30, 2012. The series 2005A bonds require semi-annual interest payments on February 1st and August 1st of each starting on February 1, 2006 and ending on February 1, 2021. Principal on these bonds is paid annually with the February interest payment. These bonds have a variable rate of interest depending on the maturity date. The current rate on this obligation is 3.700%; the rate will increase as follows:

February 1, 2018 – 3.750%
 February 1, 2019 – 3.800%
 February 1, 2020 – 3.850%
 February 1, 2021 – 3.875%

The balance owed under this agreement for the series 2005A obligation is \$2,295,000 at June 30, 2013.

2008 Severance Issue

In July 2009, the City entered into an agreement with the Kentucky League of Cities Funding Trust Program (the Trust) to borrow \$2,805,000. The proceeds from this borrowing were escrowed by the City and are used to extinguish amounts owed to City employees for unused vacation and sick time. The agreement bears a variable rate of interest and requires monthly payments of interest and fees starting August 1, 2008. Payments of principal and interest commence on August 1, 2012 and continue through July 1, 2032. The balance owed under this agreement is \$2,717,146.

The annual debt service requirements to maturity for these agreements is as follows:

Fiscal Year Ending	Bonded Debt Agreements	
	Principal	Interest
2014	\$ 689,371	\$ 293,661
2015	718,175	319,961
2016	747,087	288,725
2017	856,184	255,315
2018	895,426	218,405
2019-2023	2,671,651	578,492
2024-2028	779,766	277,464
2029-2033	754,486	81,867
Totals	<u>\$ 8,112,146</u>	<u>\$ 2,313,890</u>

**CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2013**

NOTE E – LONG-TERM OBLIGATIONS - CONTINUED

Capital Lease Obligation:

Street Sweeper Lease

In May 2011, the City entered into a 5 year lease agreement for the acquisition of a street sweeper in the amount of \$174,900. The lease requires monthly payments of principal and interest (imputed at 3.5303%) in the amount of \$3,184.09 starting on June 1, 2011 and ending on May 1, 2016. Total future minimum payments due under this agreement are \$111,444 at June 30, 2013.

The annual debt service requirements to maturity for this agreement are as follows:

Fiscal Year Ending	Capital Lease Obligations	
	Principal	Interest
2014	\$ 35,039	\$ 3,170
2015	36,296	1,913
2016	34,416	610
2017	-	-
2018	-	-
Totals (1)	\$ 105,751	\$ 5,693

(1) For the capital lease shown above, the total of principal and interest components equals the required minimum payments for the periods shown, and total principal equals the net present value of these leases.

The total cost of the asset acquired under this lease, and shown as fixed assets in Note D is \$174,900. Accumulated depreciation for this asset was \$52,054 at June 30, 2013.

Interest incurred under the bonded debt and capital lease obligation, and shown as an expense in the financial statements at June 30, 2013 is \$214,075.

Compensated Absences:

Compensated absences represent the amounts due to employees of the City for unused vacation and sick time. The City calculates this amount in accordance with current accounting standards. Due to the nature of this obligation and the unpredictability of when an employee's service with the City may end, the City estimates the current obligation for this liability at 10% of the estimated amount owed as of June 30th. Actual amounts paid out may differ from this estimate in any given year, but the City feels any such difference would not be material to the financial statements.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2013

NOTE F – NET POSITION / FUND BALANCES

At June 30, 2013, net position in the government-wide financial statements was composed of the following:

Net Investment in Capital Assets:	
Fixed Assets, Net	\$ 35,043,005
Less:	
Bonded Debt Agreements	(5,395,000)
Capital Lease Obligations	(105,751)
Net Investment in Capital Assets	<u>29,542,254</u>
Restricted:	
Capital Outlay	209,082
Police Department	410,147
Roads	417,804
Severance Pay	641,128
Restricted Net Position	<u>1,678,161</u>
Unrestricted	<u>1,690,411</u>
Total Net Position	<u><u>\$ 32,910,826</u></u>

At June 30, 2013, fund balances as shown in the fund financial statements was composed of the following:

Classification	General Fund	Road Fund	2005 Bond Fund	Severance Fund
Restricted:				
By enabling legislation for police	\$ 410,147	\$ -	\$ -	\$ -
By enabling legislation for roads	-	417,804	-	-
By debt agreement for capital outlay	9,199	-	199,883	-
By debt agreement for severance payouts	-	-	-	1,210,443
Assigned:				
By budgetary allocation for severance payouts	-	-	-	1,040,954
By passage of next year's budget	958,450	-	-	-
Unrestricted	-	-	-	-
Total Fund Balances	<u><u>\$1,377,796</u></u>	<u><u>\$ 417,804</u></u>	<u><u>\$ 199,883</u></u>	<u><u>\$2,251,397</u></u>

NOTE G - INTERGOVERNMENTAL REVENUE

Under the provisions of state law, the Commonwealth of Kentucky reimbursed the City for police training and other miscellaneous operating costs during the year ended June 30, 2013 that are recorded in the General Fund.

**CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2013**

NOTE H – OPERATING LEASES

The City has entered into two agreements to lease municipal property owned by the City. The details of those agreements are as follows:

Louisville Free Public Library

Starting on July 1, 2012, the City entered into an agreement to lease a building to the Louisville/Jefferson County Metro Government on behalf of The Louisville Free Public Library for operation of a public library facility within the City. The initial term of the lease is for one year expiring on June 30, 2013. The tenant has 4 one year options to renew the lease starting on July 1, 2013 and ending on June 30, 2017. The lease requires the tenant to notify the City 60 days in advance of the expiration of the term of the lease if they do not plan to exercise the annual renewal option. The tenant did opt to renew the lease through June 30, 2014. The lease requires an annual rental payment of \$1 in advance of the lease term along with an annual \$12,000 maintenance fee also due in advance of the lease term. The maintenance fee is paid in consideration of the City assuming "major" maintenance obligations on the building.

County Clerk's Office

Starting on July 1, 2005, the City entered into an agreement to lease a building to the Louisville/Jefferson County Metro Government for the operation of a branch of the Jefferson County Clerk's Office within the City. The initial term of the lease is for one year expiring on June 30, 2006. The tenant has 9 one year options to renew the lease starting on July 1, 2006 and ending on June 30, 2015. The lease requires the tenant to notify the City 60 days in advance of the expiration of the term of the lease if they do not plan to exercise the annual renewal option. The tenant did opt to renew the lease through June 30, 2014. Effective July 1, 2010, the monthly rents under this agreement were increased to \$1,389.50 per month and shall remain at this amount for all remaining renewal options through June 30, 2015.

Future minimum payments to be received under these agreements for fiscal years ending June 30th are as follows:

2014	\$ 28,675
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The City has entered into several leases for office equipment used a various facilities throughout the City. These leases have cancellation provisions and are subject to annual appropriations. For the year ended June 30, 2013 expenditures under these agreements totaled \$10,262.

NOTE I – EMPLOYEE RETIREMENT SYSTEM

The City has elected to participate in the County Employee Retirement System (CERS) pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan, except for persons hired on or after September 1, 2008 who are required to contribute 6 percent. The City's contribution rate for nonhazardous employees was 19.55 percent.

Hazardous covered employees are required to contribute 8 percent of their salary to the plan, except for persons hired on or after September 1, 2008 who are required to contribute 9 percent. Out of the 9 percent contribution, 1 percent will go to the Kentucky Retirement Systems insurance fund and the remaining 8 percent to the member's account. The City's contribution rate for hazardous employees was 37.60 percent.

**CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2013**

NOTE I - EMPLOYEE RETIREMENT SYSTEM

The City's payments to the plan are as follows:

Fiscal Year Ending June 30th	Required Contributions		Total	Percent Contributed
	Employees	City		
2008	\$ 484,001	\$ 1,777,009	\$ 2,261,010	100%
2009	\$ 453,115	\$ 1,417,731	\$ 1,870,846	100%
2010	\$ 460,758	\$ 1,651,185	\$ 2,111,943	100%
2011	\$ 469,962	\$ 1,769,251	\$ 2,239,213	100%
2012	\$ 455,533	\$ 1,957,037	\$ 2,412,570	100%
2013	\$ 465,918	\$ 2,090,147	\$ 2,556,065	100%

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

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

CERS also provides post-retirement health care coverage as follows:

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

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

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, nonhazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount.

Hazardous employees whose participation began on or after July 1, 2003, earn fifteen dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, such employee's spouse received ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjust annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

**CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2013**

NOTE I - EMPLOYEE RETIREMENT SYSTEM - CONTINUED

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement System's annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

The City also allows all eligible employees to participate in deferred compensation plans administered by The Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employee's Deferred Compensation Authority is authorized under KRS 18A.230 and 148A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing The Kentucky Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in The Kentucky Public Employees' Deferred Compensations Authority's annual financial report. This report may be obtained by writing Kentucky Public Employees' Deferred Compensations Authority at 110 Sea Hero Road, Suite 101, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

NOTE J – INTERFUND TRANSFERS

The following interfund transfers took place during this fiscal year:

Fund Transferred From	Fund Transferred To				Purpose
	General Fund	Road Fund	2005 Bond Fund	Severance Fund	
General Fund	\$ -	\$ -	\$ -	\$ 200,000	Budgetary transfer
General Fund	-	-	293,941	-	Debt Service
2005 Bond Fund	1,600	-	-	-	Capital Outlay
Severance Fund	393,193	-	-	-	Compensated absence payments
	<u>\$ 394,793</u>	<u>\$ -</u>	<u>\$ 293,941</u>	<u>\$ 200,000</u>	

NOTE K – CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public's interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance.

Neither the City, the State of Kentucky, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Thus the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2013, there were six series of industrial revenue bonds outstanding. The City does receive statements showing debt service payments on these bonds; however, the City has no process in place to track the outstanding balance.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2013

NOTE L - LITIGATION

The City is involved in various legal proceedings incidental to the normal course of business. City management is of the opinion, based upon the advice of general counsel, that although the outcome of such litigation cannot be forecast with certainty, final disposition should not have a material effect on the financial position of the City.

NOTE M - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City maintains commercial insurance coverage for each of the above risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE N – PRIOR PERIOD ADJUSTMENTS

The following prior period adjustments were made to the books of the City:

Reason	Statement of	Balance Sheet - Governmental Funds		
	Net Position Governmental Activities	General Fund	Road Fund	Bond Fund
Restate opening cash balances	\$ 6,077	\$ 9,177	\$ -	\$ (3,100)
Restate opening receivable balances	85,755	28,615	57,134	-
Restate opening allowance account balance	15,638	15,638	-	-
Restate opening prepaid balance	(16,030)	(16,030)	-	-
Restate opening interfund receivable/payable	-	(34,828)	34,828	-
Restate opening accumulated depreciation	(93)	-	-	-
Restate opening accounts payable balance	-	4,814	(4,814)	-
Restate opening current maturities	-	968,786	-	-
Restate opening payroll taxes and withholdings	(83,365)	(83,365)	-	-
Restate opening accrued interest balance	(45,815)	-	-	-
Restate opening other accrued liabilities	(28,021)	(28,021)	-	-
Restate opening deferred revenues	6,249	(238,788)	-	-
Totals	<u>\$ (59,605)</u>	<u>\$ 625,998</u>	<u>\$ 87,148</u>	<u>\$ (3,100)</u>

NOTE O – SUBSEQUENT EVENTS

In November 2013, the City entered into an agreement to refinance all of the City's outstanding debt obligations with the exception of the lease for the street sweeper. It is estimated that this new agreement will result in interest savings of \$1,200,000 over the life of the obligation and all currently outstanding debt of the City will be paid off by 2022.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND
JUNE 30, 2013

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
REVENUES					
Taxes:					
Property Tax	\$ 3,781,812	\$ -	3,781,812	\$ 3,836,357	54,545
Occupational Tax	10,515,000	-	10,515,000	10,304,518	(210,482)
Insurance Premium Tax	2,100,000	-	2,100,000	2,323,412	223,412
Franchise Fees	156,846	-	156,846	152,798	(4,048)
Public Service Assessments	10,000	-	10,000	8,889	(1,111)
Intergovernmental:					
Base Court Revenue	50,000	-	50,000	40,793	(9,207)
Coal and Mineral Tax	1,800	-	1,800	1,076	(724)
License and Permits:					
Alcoholic Beverage Licenses	110,000	-	110,000	107,912	(2,088)
Building Permits	38,000	-	38,000	31,299	(6,701)
Business Licenses	165,000	-	165,000	188,675	23,675
Electrical Permits	38,000	-	38,000	26,897	(11,103)
Heating Permits	25,000	-	25,000	41,810	16,810
Sign Permits	6,000	-	6,000	5,553	(447)
Charge for Services:					
Plan Review Fees	4,000	-	4,000	1,029	(2,971)
Fines and Penalties	10,000	-	10,000	4,450	(5,550)
CID Account Income	-	-	-	325,702	325,702
Lease Income - County Clerk's Office	13,900	-	13,900	16,674	2,774
Lease Income - Library	-	-	-	12,001	12,001
Rental Income - Community Center	45,000	-	45,000	36,700	(8,300)
Plainview Swim Club	175,000	-	175,000	181,753	6,753
Plainview Pool Concessions	44,000	-	44,000	33,601	(10,399)
Tway House Rental	3,000	-	3,000	3,850	850
Bluebird Gym Rental	3,000	-	3,000	250	(2,750)
Bluebird Gym Concessions	10,000	-	10,000	12,087	2,087
Adult Sports League	15,000	-	15,000	31,388	16,388
Veterans Park Pavilion Rental	6,000	-	6,000	5,000	(1,000)
Senior Citizens Income	-	-	-	4,520	4,520
Donations	-	-	-	73,825	73,825
Interest Checking Accounts and CD's	10,000	-	10,000	894	(9,106)
Grant Income	2,624,308	-	2,624,308	411,337	(2,212,971)
Miscellaneous	50,000	-	50,000	18,236	(31,764)
Total General Fund Revenues	20,010,666	-	20,010,666	18,243,286	(1,767,380)
Prior Year Fund Balance:					
Appropriated for Current Year Budget	1,265,224	1,474,000	2,739,224	-	(2,739,224)
Total Revenues and Prior	21,275,890	1,474,000	22,749,890	18,243,286	(4,506,604)
Year Fund Balance	21,275,890	1,474,000	22,749,890	18,243,286	(4,506,604)

See the accompanying notes to the financial statements.

**CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
GENERAL FUND - CONTINUED
JUNE 30, 2013**

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>EXPENDITURES</u>					
Administration					
Payroll - Mayor and Council	158,104	-	158,104	157,193	911
Payroll - City Hall Staff	378,717	-	378,717	372,984	5,733
Payroll - City Attorney	85,464	-	85,464	91,710	(6,246)
Health Insurance	200,568	-	200,568	192,894	7,674
Short Term Disability and Life Insurance	4,341	-	4,341	4,469	(128)
Dental Insurance	12,086	-	12,086	11,899	187
Retirement - Mayor and Council	30,909	-	30,909	28,606	2,303
Retirement - City Hall Staff	74,039	-	74,039	73,247	792
Retirement - City Attorney	16,708	-	16,708	17,948	(1,240)
FICA - Mayor and Council	11,490	-	11,490	10,773	717
FICA - City Hall Staff	27,523	-	27,523	26,684	839
FICA - City Attorney	6,211	-	6,211	4,241	1,970
Administrative Expenses	3,000	-	3,000	2,710	290
Legal Fees and Expenses	11,000	-	11,000	13,983	(2,983)
Accounting Fees and Expenses	49,060	-	49,060	50,792	(1,732)
Advertising	-	-	-	33	(33)
Dues and Subscriptions	14,480	-	14,480	14,520	(40)
Office Supplies	10,020	-	10,020	11,565	(1,545)
Postage	4,200	-	4,200	3,785	415
Equipment Rental and Leases	4,611	-	4,611	4,716	(105)
Travel - Mayor and Council	3,000	-	3,000	519	2,481
Travel - City Hall Staff	2,200	-	2,200	2,862	(662)
Meetings/Seminars-Mayor and Council	3,000	-	3,000	2,209	791
Meetings/Seminars - City Hall Staff	2,000	-	2,000	3,737	(1,737)
Building Repair and Maintenance-City Hall	10,200	-	10,200	29,072	(18,872)
Building Repair and Maintenance-Library	10,200	-	10,200	10,754	(554)
Gas and Electric	17,210	-	17,210	12,019	5,191
Water	1,215	-	1,215	1,385	(170)
Telephone	3,500	-	3,500	4,000	(500)
Mobile Phones - Mayor and Council	420	-	420	-	420
Mobile Phones - City Hall Staff	3,000	-	3,000	2,593	407
New Vehicles	6,600	-	6,600	5,955	645
Gasoline	8,471	-	8,471	8,706	(235)
Equipment Repair and Maintenance	1,020	-	1,020	841	179
Software Maintenance and Support	46,200	-	46,200	46,841	(641)
Computer Training	1,200	-	1,200	330	870
Computer Hardware	3,000	-	3,000	1,754	1,246
Employee Appreciation	500	-	500	398	102

See the accompanying notes to the financial statements.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
GENERAL FUND - CONTINUED
JUNE 30, 2013

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Total Actual</u>	<u>Variance</u>
<u>EXPENDITURES - Continued</u>					
Administration (Continued)					
Miscellaneous - City Hall	6,000	-	6,000	4,307	1,693
Miscellaneous - Council	21,000	-	21,000	11,866	9,134
Miscellaneous	-	-	-	889	(889)
Training Expenses and Supplies	50	-	50	-	50
Newsletter	10,000	-	10,000	8,499	1,501
Internet Service and Access	3,000	-	3,000	3,179	(179)
Website Development and Maintenance	14,780	-	14,780	15,467	(687)
Total Administration	<u>1,280,297</u>	<u>-</u>	<u>1,280,297</u>	<u>1,272,934</u>	<u>7,363</u>
Permitting and Enforcement Department					
Payroll	195,703	-	195,703	190,391	5,312
Health Insurance	40,244	-	40,244	39,078	1,166
Short Term Disability and Life Insurance	1,088	-	1,088	1,102	(14)
Dental Insurance	2,487	-	2,487	2,386	101
Retirement	34,706	-	34,706	34,365	341
FICA	14,292	-	14,292	13,723	569
Uniforms	500	-	500	2,240	(1,740)
Dues and Subscriptions	900	-	900	781	119
Office Supplies	500	-	500	870	(370)
Postage	600	-	600	272	328
Travel	200	-	200	31	169
Meetings and Seminars	400	-	400	809	(409)
Mobile Phones	780	-	780	866	(86)
New Equipment	1,000	-	1,000	381	619
Gasoline	7,067	-	7,067	6,042	1,025
Miscellaneous	250	-	250	-	250
Total Permitting and Enforcement Department	<u>300,717</u>	<u>-</u>	<u>300,717</u>	<u>293,337</u>	<u>7,380</u>
Insurance					
Workers Compensation	220,645	-	220,645	220,576	69
Commercial Liability	181,386	-	181,386	198,197	(16,811)
Property and Casualty	52,359	-	52,359	53,194	(835)
Unemployment Insurance Fund	42,636	-	42,636	35,067	7,569
Claims	-	-	-	8,412	(8,412)
Total Insurance	<u>497,026</u>	<u>-</u>	<u>497,026</u>	<u>515,446</u>	<u>(18,420)</u>

See the accompanying notes to the financial statements.

**CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
GENERAL FUND - CONTINUED
JUNE 30, 2013**

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>EXPENDITURES - Continued</u>					
Revenue Department					
Payroll	188,047	-	188,047	172,102	15,945
Health Insurance	25,323	-	25,323	25,120	203
Short Term Disability and Life Insurance	1,213	-	1,213	1,213	-
Dental Insurance	1,241	-	1,241	1,241	-
Retirement	31,152	-	31,152	31,165	(13)
FICA	13,776	-	13,776	12,479	1,297
PVA/Mass Appraisal	50,900	-	50,900	50,000	900
Tax Forms	7,450	-	7,450	6,213	1,237
Office Supplies	800	-	800	1,560	(760)
Postage	13,000	-	13,000	11,405	1,595
Travel	1,000	-	1,000	217	783
Meetings and Seminars	1,500	-	1,500	459	1,041
Software Maintenance and Support	12,000	-	12,000	11,513	487
Miscellaneous	500	-	500	1,172	(672)
Total Revenue Department	<u>347,902</u>	<u>-</u>	<u>347,902</u>	<u>325,859</u>	<u>22,043</u>
Public Safety					
Street Lights	421,025	-	421,025	452,430	(31,405)
Ambulance Service	49,020	-	49,020	52,060	(3,040)
Total Public Safety	<u>470,045</u>	<u>-</u>	<u>470,045</u>	<u>504,490</u>	<u>(34,445)</u>
Civil Service					
Testing and Analysis	6,000	-	6,000	-	6,000
Miscellaneous	1,200	-	1,200	1,416	(216)
Total Civil Service	<u>7,200</u>	<u>-</u>	<u>7,200</u>	<u>1,416</u>	<u>5,784</u>
Police Department					
Payroll - Officers	3,817,276	-	3,817,276	3,621,028	196,248
KLEFPF	155,000	-	155,000	150,492	4,508
Education Incentive	58,100	-	58,100	55,455	2,645
Court Appearance	57,000	-	57,000	69,430	(12,430)
KLEFPF Contra Account	(155,000)	-	(155,000)	(207,631)	52,631
Payroll - Dispatchers	308,747	-	308,747	321,167	(12,420)
Payroll - Staff	292,972	-	292,972	292,088	884
Health Insurance	724,368	-	724,368	679,295	45,073
Short Term Disability and Life Insurance	24,658	-	24,658	24,416	242

See the accompanying notes to the financial statements.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
GENERAL FUND - CONTINUED
JUNE 30, 2013

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Total Actual</u>	<u>Variance</u>
<u>EXPENDITURES - Continued</u>					
Police Department (Continued)					
Dental Insurance	52,464	-	52,464	50,158	2,306
Retirement - Officers	1,555,645	-	1,555,645	1,489,055	66,590
Retirement - Dispatchers	51,744	-	51,744	50,164	1,580
Retirement - Staff	54,935	-	54,935	55,045	(110)
FICA - Officers	273,076	-	273,076	276,304	(3,228)
FICA - Dispatchers	21,968	-	21,968	23,848	(1,880)
FICA - Staff	19,888	-	19,888	21,456	(1,568)
Uniforms - Officers	59,462	-	59,462	59,687	(225)
Uniforms - Dispatchers	7,174	-	7,174	7,726	(552)
Uniform Replacement	22,200	-	22,200	23,391	(1,191)
Dues and Subscriptions	10,801	-	10,801	10,771	30
Office Supplies	21,000	-	21,000	19,119	1,881
Postage	2,500	-	2,500	1,474	1,026
Travel	23,500	-	23,500	18,830	4,670
Meetings and Seminars	3,750	-	3,750	2,052	1,698
Training	54,875	-	54,875	33,749	21,126
Building Repair and Maintenance	15,460	-	15,460	14,038	1,422
Gas and Electric	39,347	-	39,347	29,805	9,542
Telephone and Internet	13,248	-	13,248	13,567	(319)
Water	2,000	-	2,000	2,501	(501)
Mobile Phones	38,894	-	38,894	37,190	1,704
New Vehicles	156,000	-	156,000	235,063	(79,063)
New Equipment	19,000	-	19,000	7,852	11,148
Gasoline	225,229	-	225,229	207,206	18,023
Equipment Repair and Maintenance	29,900	-	29,900	15,253	14,647
Maintenance Contracts	12,326	-	12,326	6,416	5,910
Software Maintenance and Support	9,947	-	9,947	50,956	(41,009)
Radio Maintenance	17,855	-	17,855	4,128	13,727
Physicals	8,100	-	8,100	8,307	(207)
Crime Prevention	3,500	-	3,500	4,152	(652)
Photography and Film	250	-	250	290	(40)
CID	12,500	-	12,500	6,558	5,942
Police CID Account Expense	-	-	-	234,431	(234,431)
Miscellaneous	10,750	-	10,750	5,823	4,927
Canine Unit	7,000	-	7,000	3,861	3,139
Accreditation Process - KACP	3,000	-	3,000	3,000	-
Grant Related Expense	(24,300)	-	(24,300)	3,657	(27,957)
Total Police Department	<u>8,118,109</u>	<u>-</u>	<u>8,118,109</u>	<u>8,042,623</u>	<u>75,486</u>

See the accompanying notes to the financial statements.

**CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
GENERAL FUND - CONTINUED
JUNE 30, 2013**

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>EXPENDITURES - Continued</u>					
Public Works					
Payroll	983,486	-	983,486	833,683	149,803
Contract Labor	30,000	-	30,000	1,360	28,640
Health Insurance	283,515	-	283,515	272,646	10,869
Short term Disability and Life Insurance	7,647	-	7,647	7,240	407
Dental Insurance	18,573	-	18,573	17,647	926
Retirement	186,688	-	186,688	161,028	25,660
FICA	69,840	-	69,840	59,646	10,194
Uniforms	16,380	-	16,380	17,840	(1,460)
Dues and Subscriptions	1,000	-	1,000	786	214
Office Supplies	1,500	-	1,500	1,635	(135)
Equipment Rental and Leases	3,000	-	3,000	1,612	1,388
Travel	1,000	-	1,000	546	454
Meetings and Seminars	1,500	-	1,500	575	925
Training	5,000	-	5,000	174	4,826
Landfill Charges	5,200	-	5,200	2,297	2,903
Building Repair and Maintenance	9,960	-	9,960	15,366	(5,406)
Drainage	200,000	250,000	450,000	123,658	326,342
Gas and Electric	10,000	-	10,000	8,212	1,788
Water	1,045	-	1,045	1,780	(735)
Telephone and Internet	2,040	-	2,040	1,867	173
Mobile Phones	2,040	-	2,040	2,178	(138)
Existing Vehicle Leases	38,209	-	38,209	38,209	-
New Equipment	81,400	-	81,400	88,852	(7,452)
Gasoline	62,782	-	62,782	64,777	(1,995)
Oil	5,200	-	5,200	3,307	1,893
Vehicle Maintenance	93,600	-	93,600	101,486	(7,886)
Equipment Repair and Maintenance	15,000	-	15,000	18,178	(3,178)
Shop Supplies	8,000	-	8,000	9,073	(1,073)
Roadside Maintenance/Beautification	17,000	-	17,000	13,799	3,201
Radio Maintenance	1,020	-	1,020	23	997
MS4 Program	110,000	-	110,000	92,527	17,473
Physicals	3,000	-	3,000	1,410	1,590
Miscellaneous	3,600	-	3,600	3,962	(362)
Total Public Works	2,278,225	250,000	2,528,225	1,967,379	560,846
Sanitation					
Sanitation Contract Expense	1,038,000	-	1,038,000	1,036,676	1,324
Dumpster Fees	8,000	-	8,000	5,617	2,383
Total Sanitation	1,046,000	-	1,046,000	1,042,293	3,707

See the accompanying notes to the financial statements.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
GENERAL FUND - CONTINUED
JUNE 30, 2013

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Total Actual</u>	<u>Variance</u>
<u>EXPENDITURES - Continued</u>					
Economic Development					
Payroll	81,623	-	81,623	81,623	-
Health Insurance	17,088	-	17,088	16,840	248
Short Term Disability and Life Insurance	414	-	414	414	-
Dental Insurance	1,158	-	1,158	1,158	-
Retirement	15,957	-	15,957	15,976	(19)
FICA	5,932	-	5,932	5,932	-
Advertising	10,500	-	10,500	5,878	4,622
Dues and Subscriptions	5,600	-	5,600	5,084	516
Office Supplies	300	-	300	139	161
Travel	1,900	-	1,900	1,094	806
Meetings and Seminars	1,900	-	1,900	872	1,028
Telephone and Internet	2,472	-	2,472	2,618	(146)
Mobile Phones	720	-	720	610	110
New Equipment	1,000	-	1,000	499	501
Equipment Repair and Maintenance	500	-	500	-	500
Miscellaneous	300	-	300	6	294
Partnership	50,000	-	50,000	50,000	-
Façade Renovation Program	3,000	-	3,000	-	3,000
Industrial/Commerce Park Improvement	50,000	-	50,000	728	49,272
Economic Develop Authority Fund	200,000	-	200,000	-	200,000
Total Economic Development	<u>450,364</u>	<u>-</u>	<u>450,364</u>	<u>189,471</u>	<u>260,893</u>
Museum					
Payroll	74,664	-	74,664	74,669	(5)
Health Insurance	14,517	-	14,517	14,269	248
Short Term Disability and Life Insurance	439	-	439	439	-
Dental Insurance	576	-	576	576	-
Retirement	14,597	-	14,597	14,614	(17)
FICA	5,426	-	5,426	5,426	-
Office Supplies	400	-	400	282	118
Postage	100	-	100	68	32
Building Repair and Maintenance	360	-	360	370	(10)
Telephone and Internet	1,320	-	1,320	1,227	93
Security	360	-	360	360	-
Copier	575	-	575	535	40
Photography and Film	1,500	-	1,500	784	716
Miscellaneous	800	-	800	155	645
Total Museum	<u>115,634</u>	<u>-</u>	<u>115,634</u>	<u>113,774</u>	<u>1,860</u>

See the accompanying notes to the financial statements.

**CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
GENERAL FUND - CONTINUED
JUNE 30, 2013**

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Total Actual</u>	<u>Variance</u>
<u>EXPENDITURES - Continued</u>					
Parks and Recreation					
Payroll	100,765	-	100,765	90,777	9,988
Payroll - Pool Part-time	16,950	-	16,950	17,001	(51)
Payroll - Concession	1,050	-	1,050	-	1,050
Health Insurance	28,666	-	28,666	26,029	2,637
Short Term Disability and Life Insurance	828	-	828	760	68
Dental Insurance	1,822	-	1,822	1,673	149
Retirement	19,700	-	19,700	17,784	1,916
FICA	7,323	-	7,323	6,251	1,072
FICA - Pool Part-time	1,297	-	1,297	1,301	(4)
FICA - Bluebird Gym	80	-	80	-	80
Adult Basketball League Expense	-	-	-	594	(594)
Youth Basketball League Expense	-	-	-	281	(281)
Explorers Program	-	-	-	31	(31)
Uniforms	1,200	-	1,200	1,906	(706)
Office Supplies	400	-	400	1,533	(1,133)
Adult Sport League	4,500	-	4,500	34,489	(29,989)
Gas and Electric - Skyview	17,458	-	17,458	13,473	3,985
Gas and Electric - Football Field	4,042	-	4,042	5,450	(1,408)
Gas and Electric - Gym	21,340	-	21,340	21,981	(641)
Gas and Electric - Veterans Park	4,210	-	4,210	3,156	1,054
Gas and Electric - Plainview	17,905	-	17,905	17,174	731
Gas and Electric - Community Center	29,530	-	29,530	24,246	5,284
Gas and Electric - Ruckriegel Field	3,130	-	3,130	2,323	807
Water - Skyview	10,000	-	10,000	10,563	(563)
Water - Football Field	5,000	-	5,000	5,678	(678)
Water - Gym	1,555	-	1,555	1,766	(211)
Water - Plainview	4,515	-	4,515	10,768	(6,253)
Water - Community Center	4,380	-	4,380	4,880	(500)
Telephone - Gym	1,380	-	1,380	1,388	(8)
Telephone - Plainview	1,320	-	1,320	1,965	(645)
Telephone - Community Center	2,640	-	2,640	2,337	303
Mobile Phones	900	-	900	610	290
New Equipment	9,000	-	9,000	10,607	(1,607)
Gasoline	4,914	-	4,914	7,159	(2,245)
Pool Maintenance Contact	118,000	-	118,000	117,785	215
Pool/Tennis Miscellaneous	37,500	-	37,500	38,490	(990)
Concessions - Pool	12,100	-	12,100	26,528	(14,428)
Maintenance - Plainview	5,000	-	5,000	27,104	(22,104)

See the accompanying notes to the financial statements.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
GENERAL FUND - CONTINUED
JUNE 30, 2013

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>EXPENDITURES - Continued</u>					
Parks and Recreation (Continued)					
Maintenance - Miscellaneous	5,800	-	5,800	5,305	495
Maintenance - Skyview	17,800	-	17,800	18,247	(447)
Maintenance - Veterans Park	10,000	-	10,000	11,799	(1,799)
Maintenance - Bluebird Gym	6,000	-	6,000	14,777	(8,777)
Maintenance - Football Field	2,000	-	2,000	1,872	128
Maintenance - Community Center	5,500	-	5,500	11,262	(5,762)
Concessions - Bluebird Gym	2,000	-	2,000	16,669	(14,669)
Community Center	8,500	-	8,500	4,775	3,725
Total Parks and Recreation	<u>558,000</u>	<u>-</u>	<u>558,000</u>	<u>640,547</u>	<u>(82,547)</u>
Senior Citizens					
Payroll	93,966	-	93,966	93,585	381
Health Insurance	34,175	-	34,175	33,436	739
Short Term Disability and Life Insurance	540	-	540	540	-
Dental Insurance	2,315	-	2,315	2,315	-
Retirement	13,505	-	13,505	13,527	(22)
FICA	6,924	-	6,924	6,539	385
Office Supplies	1,600	-	1,600	1,744	(144)
Building Repair and Maintenance	18,000	-	18,000	18,064	(64)
Gas and Electric	14,350	-	14,350	14,855	(505)
Telephone and Internet	2,640	-	2,640	1,681	959
Mobile Phones	480	-	480	484	(4)
New Equipment	2,000	-	2,000	299	1,701
Gasoline	1,030	-	1,030	933	97
Miscellaneous	500	-	500	156	344
Copier	1,670	-	1,670	1,735	(65)
Equipment Repair and Maintenance	2,000	-	2,000	2,791	(791)
Total Senior Citizens	<u>195,695</u>	<u>-</u>	<u>195,695</u>	<u>192,684</u>	<u>3,011</u>
Special Projects					
Community Outreach	77,000	-	77,000	68,673	8,327
Farmers Market	4,000	-	4,000	6,611	(2,611)
Other Special Projects	2,000	-	2,000	2,136	(136)
Mayor's Special Projects	10,000	-	10,000	10,441	(441)
Easter Celebration	4,000	-	4,000	4,066	(66)
Volunteer Recognition	2,500	-	2,500	2,571	(71)
Holiday on Gaslight Square	5,000	-	5,000	5,407	(407)

See the accompanying notes to the financial statements.

**CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
GENERAL FUND - CONTINUED
JUNE 30, 2013**

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Total Actual</u>	<u>Variance</u>
<u>EXPENDITURES - Continued</u>					
Special Projects (Continued)					
Summer Fest	10,000	-	10,000	9,952	48
Gaslight Festival	7,000	-	7,000	10,236	(3,236)
Pumpkin Fest	3,500	-	3,500	5,110	(1,610)
Founder's Day	3,000	-	3,000	3,340	(340)
Memorial/Veteran's Day Observation	1,000	-	1,000	208	792
Grant Related Expense	2,835,387	-	2,835,387	501,649	2,333,738
Energy Projects	50,000	-	50,000	-	50,000
Improvement Projects	180,000	911,000	1,091,000	581,310	509,690
Gasoline (Reserve)	12,350	-	12,350	8,567	3,783
Total Special Projects	<u>3,206,737</u>	<u>911,000</u>	<u>4,117,737</u>	<u>1,220,277</u>	<u>2,897,460</u>
Debt Service					
Bond Debt	1,037,082	-	1,037,082	563,606	473,476
Total Debt Service	<u>1,037,082</u>	<u>-</u>	<u>1,037,082</u>	<u>563,606</u>	<u>473,476</u>
Compensated Absences					
Compensated Absences	-	-	-	458,832	(458,832)
Total Compensated Absences	<u>-</u>	<u>-</u>	<u>-</u>	<u>458,832</u>	<u>(458,832)</u>
Total Expenditures	<u>19,909,033</u>	<u>1,161,000</u>	<u>21,070,033</u>	<u>17,344,968</u>	<u>3,725,065</u>
Excess of Revenue over Expenditures	1,366,857	313,000	1,679,857	898,318	(781,539)
OTHER FINANCING SOURCES (USES)					
Transfer In	-	-	-	394,793	394,793
Transfer Out	(100,000)	-	(100,000)	(493,941)	(393,941)
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>	<u>(99,148)</u>	<u>852</u>
Net Change in Fund Balances	1,266,857	313,000	1,579,857	799,170	(780,687)
Fund Balance, beginning	-	-	-	4,196,890	4,196,890
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>625,998</u>	<u>625,998</u>
Fund Balance, ending	<u>\$ 1,266,857</u>	<u>\$ 313,000</u>	<u>\$ 1,579,857</u>	<u>\$ 5,622,058</u>	<u>\$ 4,042,201</u>

See the accompanying notes to the financial statements.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET TO ACTUAL - ROAD FUND
JUNE 30, 2013

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Total Actual</u>	<u>Variance</u>
<u>REVENUES</u>					
Road Aid					
Intergovernmental Revenue	\$ 676,496	\$ -	\$ 676,496	\$ 671,280	\$ (5,216)
Interest Income	-	-	-	67	67
Total Revenues before Prior Year Fund Balance	<u>676,496</u>	<u>-</u>	<u>676,496</u>	<u>671,347</u>	<u>(5,149)</u>
Prior Year Fund Balance:					
Appropriated for Current Year Budget	<u>95,000</u>	<u>231,000</u>	<u>326,000</u>	<u>-</u>	<u>(326,000)</u>
Total Revenues and Prior Year Fund Balance	<u>771,496</u>	<u>231,000</u>	<u>1,002,496</u>	<u>671,347</u>	<u>(331,149)</u>
<u>EXPENDITURES</u>					
Road Aid					
Road Maintenance	158,496	31,000	189,496	116,416	73,080
Capital Outlay	<u>518,000</u>	<u>200,000</u>	<u>718,000</u>	<u>526,072</u>	<u>191,928</u>
Total Road Aid	<u>676,496</u>	<u>231,000</u>	<u>907,496</u>	<u>642,488</u>	<u>265,008</u>
Excess of Revenue over Expenditures	95,000	-	95,000	28,859	(66,141)
Fund Balance, beginning	-	-	-	301,797	301,797
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,148</u>	<u>87,148</u>
Fund Balance, ending	<u>\$ 95,000</u>	<u>\$ -</u>	<u>\$ 95,000</u>	<u>\$ 417,804</u>	<u>\$ 322,804</u>

See the accompanying notes to the financial statements.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET TO ACTUAL - 2005 BOND FUND
JUNE 30, 2013

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Total Actual</u>	<u>Variance</u>
<u>REVENUES</u>					
Interest Income	\$ -	\$ -	\$ -	\$ 2	\$ 2
Total Revenues before Prior Year Fund Balance	-	-	-	2	2
Prior Year Fund Balance:					
Appropriated for Current Year Budget	-	-	-	-	-
Total Revenues and Prior Year Fund Balance	-	-	-	2	2
<u>EXPENDITURES</u>					
Debt Service					
Principal and Interest	-	-	-	293,941	(293,941)
Total Debt Service	-	-	-	293,941	(293,941)
Excess of Revenue over Expenditures	-	-	-	(293,939)	(293,939)
OTHER FINANCING SOURCE AND (USES)					
Transfer In	-	-	-	293,941	293,941
Transfer Out	-	-	-	(1,600)	(1,600)
Total Other Financing Sources and (Uses)	-	-	-	292,341	292,341
Net Change in Fund Balances	-	-	-	(1,598)	(1,598)
Fund Balance, beginning	-	-	-	204,581	204,581
Prior Period Adjustment	-	-	-	(3,100)	(3,100)
Fund Balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199,883</u>	<u>\$ 199,883</u>

See the accompanying notes to the financial statements.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET TO ACTUAL - SEVERANCE FUND
JUNE 30, 2013

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Total Actual</u>	<u>Variance</u>
<u>REVENUES</u>					
Interest Income	\$ -	\$ -	\$ -	\$ 11,493	\$ 11,493
Total Revenues before Prior Year Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,493</u>	<u>11,493</u>
Prior Year Fund Balance:					
Appropriated for Current Year Budget	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Prior Year Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,493</u>	<u>11,493</u>
<u>EXPENDITURES</u>					
General Government					
Administration	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>(12)</u>
Total General Government	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>(12)</u>
Excess of Revenue over Expenditures	-	-	-	11,481	11,481
OTHER FINANCING SOURCE AND (USES)					
Transfer In	-	-	-	200,000	200,000
Transfer Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(393,193)</u>	<u>(393,193)</u>
Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(193,193)</u>	<u>(193,193)</u>
Net Change in Fund Balances	-	-	-	(181,712)	(181,712)
Fund Balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,433,109</u>	<u>2,433,109</u>
Fund Balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,251,397</u>	<u>\$ 2,251,397</u>

See the accompanying notes to the financial statements.

**CITY OF JEFFERSONTOWN, KENTUCKY
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION ON
 BUDGETARY REPORTING
 JUNE 30, 2013**

Budgets and the Budgetary Process

The City follows the procedures established pursuant to Section 91A.030 of the Kentucky Revised Statutes in establishing the budgetary data reflected in the financial statements. Budgets and budget amendments for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Encumbrances

As previously disclosed, the City does not employ encumbrance accounting; under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to preserve that portion of the applicable appropriation.

Stewardship

Expenditures exceeded budget in the following departments within the general fund:

<u>Department</u>	<u>Amount Over Budget</u>
Insurance	\$ 18,420
Public Safety	\$ 34,445
Parks and Recreation	\$ 82,547
Compensated Absences	\$458,832

Reconciliations

Revenue and Expenditures

For budgetary purposes, the City nets certain revenue and expenditure items within the same department; however, for financial reporting purposes, these amounts are shown as separate revenue and expenditure amounts in the fund financial statements. Differences between the budgetary reporting of revenue and expenditures as reported in the required supplementary information differs from the fund financials statements in the following areas:

Total general fund revenue per the statement of revenues, expenditures, and changes in fund balance - governmental funds:	\$ 18,547,992
Reconciling items:	
KLEFPF (Police Incentive Pay) is netted against the payroll expenditure in the budgetary comparison schedule	(207,631)
Costs associated with meals sold at the senior citizens center are netted against the revenue in the budgetary comparison schedule	<u>(97,075)</u>
Total general fund revenue per the statement of revenues, expenditures and changed in fund balance - budget to actual - general fund	<u>\$ 18,243,286</u>

These same items account for the difference in expenditures between these two statements as well.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION ON
BUDGETARY REPORTING - CONTINUED
JUNE 30, 2013

Reconciliations - Continued

Capital Outlay and Debt Service

Certain expenditures are required to be reported as capital outlay or debt service on the fund financial statements regardless of the department or function within general government that acquires the capital item or services the debt. For budgetary purposes however, the City budgets for those expenditures on specific lines of the department or function from which payment will be made. Differences between the budgetary basis as reported in the required supplementary information differs from the fund financials in the following areas:

<u>Budgetary Fund/Department/Line Item</u>	<u>Reported As Capital Outlay in the Fund Financials</u>	<u>Reported As Debt Service in the Fund Financials</u>
General Fund:		
Administration		
Miscellaneous City Council	\$ 7,046	\$ -
Police Department		
Computer Maintenance and Support	18,712	-
New Vehicles	202,276	-
Public Works		
Drainage	72,364	-
Existing Vehicle and Equipment Leases	-	38,209
New Equipment	75,376	-
Parks and Recreation		
New Equipment	5,698	-
Parks and Recreation Maintenance - Skyview	5,635	-
Special Projects		
Bluegrass Parkway Shared Use Trail	7,500	-
Energy Efficiency Conservation Strategy	208,161	-
Improvement Projects	341,200	-
Mayor's Special Projects	5,865	-
Old Taylorsville Rd Recreational Trails	182,516	-
Watterson Trail Shared Use Trail	30,270	-
Debt Service		
Bond Issues Debt Service Expense	-	447,855
Bond Issues Interest Expense	-	13,377
Bond Issues Bond Fees	-	102,374
	<u>\$ 1,162,619</u>	<u>\$ 601,815</u>
Road Fund:		
Road Maintenance and Repair		
Sidewalks - Repairs and Maintenance	\$ 62,994	\$ -
Paving/Stripping Repairs and Maintenance	432,678	-
Road Maintenance - Other Expenses	30,400	-
Totals Road Fund	<u>\$ 526,072</u>	<u>\$ -</u>

**CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION ON
BUDGETARY REPORTING - CONTINUED
JUNE 30, 2013**

Reconciliations - Continued

Capital Outlay and Debt Service – continued

<u>Budgetary Fund/Department/Line Item</u>	<u>Reported As Capital Outlay in the Fund Financials</u>	<u>Reported As Debt Service in the Fund Financials</u>
Severance Fund:		
Debt Service		
Bond Issues Debt Service Expense	\$ -	\$ 200,000
Bond Issues Interest Expense	-	93,941
Totals Severance Fund	<u><u>\$ -</u></u>	<u><u>\$ 293,941</u></u>

Unbudgeted Items

Due to the nature and unpredictability of certain revenue and expenditures amounts, the City does not include them in the annual budget. Those items are as follows:

Revenues:

Police CID Account Income	\$ 325,702
Senior Citizens Income	\$ 4,520
Donations	\$ 73,825

Expenditures:

Police CID Account Expense	\$ 234,431
Compensated Absences	\$ 458,832

**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***

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*

To the Mayor and City Council
City of Jeffersontown, Kentucky

We have audited, in accordance with the 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, the financial statements of the governmental activities and each major fund of the City of Jeffersontown, Kentucky, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of Jeffersontown, Kentucky's basic financial statements, and have issued our report thereon dated November 12, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Jeffersontown, Kentucky's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Jeffersontown, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Jeffersontown, Kentucky's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Jeffersontown, Kentucky's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stephens & Lawson CPAs

Louisville, Kentucky
November 12, 2013