



PEERCY AND GRAY, PSC

Certified Public Accountants

2300 Hurstbourne Village Drive, Suite 500

Louisville, Kentucky 40299

Phone: (502) 493-1090

FAX: (502) 493-7231

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Taylorsville, Kentucky
70 Taylorsville Road, PO Box 279
Taylorsville, Kentucky 40071

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Taylorsville, 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.

Report on 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.

Auditors' 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 includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risk 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 appropriated in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

To the City Council
City of Taylorsville, Kentucky
August 20, 2013

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting 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.

Basis for Qualified Opinion on General Fund

Management has elected not allocate any salaries or wages for administrative staff to the General Fund. Accounting principles generally accepted in the United States of America require that the financial statements meet the assertion of accuracy or classification. To be in compliance with this assertion, the financial statements must properly classify, describe, and disclose revenues, receivables, deferred revenues, unearned revenues, deferred outflows of resources, and deferred inflows of resources including classification in the proper fund and activity. The amount by which this departure would affect the assets, fund balance, and revenues of the General Fund has not been determined, however, we believe that this lack of allocation materially misstates the operations of the General Fund.

Qualified Opinion

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion on General Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Taylorsville, Kentucky, as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as noted in the table of contents, be presented to supplement the basic financial statements. Such information,

To the City Council
City of Taylorsville, Kentucky
August 20, 2013

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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Taylorsville, Kentucky's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financials are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2013, on our consideration of the City of Taylorsville, 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 Taylorsville, Kentucky's internal control over financial reporting and compliance.

To the City Council
City of Taylorsville, Kentucky
August 20, 2013

Perry and Gray, PSC

August 20, 2013

CITY OF TAYLORSVILLE, KENTUCKY
BUDGETARY COMPARISON SCHEDULES
REQUIRED SUPPLEMENTARY INFORMATION-MODIFIED ACCRUAL BASIS
GENERAL FUND
For The Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
General Fund Revenues:				
Property Taxes	\$ 184,000	\$ 184,000	\$ 188,198	\$ 4,198
Licenses and Permits	210,000	210,000	163,672	(46,328)
Occupational License Tax	250,000	250,000	278,238	28,238
Intergovernmental Revenues	21,000	21,000	36,987	15,987
Franchise Fees	55,000	55,000	58,435	3,435
Charges for Services	78,000	78,000	78,845	845
Kentucky Law Enforcement Foundation Program	0	0	21,304	21,304
Grant Proceeds	0	5,900	5,920	20
HB 413 Court Cost	11,000	11,000	11,400	400
Floodwall Drainage Project	1,000,000	1,000,000	-	(1,000,000)
Project Funds	250,000	250,000	-	(250,000)
Interest, Rents and Miscellaneous	8,500	8,500	222,336	213,836
Total General Fund Revenues	2,067,500	2,073,400	1,065,335	(1,008,065)
General Fund Appropriations:				
General government	52,894	52,894	306,574	(253,680)
Public safety				0
Police Dept	546,565	600,000	579,636	20,364
Fire Protection Contract Services	54,000	54,000	51,945	2,055
Public Works				0
Streets	86,041	93,190	81,427	11,763
Sanitation	78,000	78,000	76,243	1,757
Floodwall Drainage Project	1,000,000	1,000,000	0	1,000,000
Project Expense	250,000	250,000	0	250,000
Total General Fund Appropriations	2,067,500	2,128,084	1,095,825	1,032,259
Net Change in Fund Balance	0	(54,684)	(30,490)	24,194
Fund Balances, Beginning of Year	511,423	518,660	529,701	11,041
Fund Balances, End of Year	\$ 511,423	\$ 463,976	\$ 499,211	\$ 35,235

CITY OF TAYLORSVILLE, KENTUCKY
BUDGETARY COMPARISON SCHEDULES
REQUIRED SUPPLEMENTARY INFORMATION-MODIFIED ACCRUAL BASIS
MUNICIPAL ROAD AID FUND
For The Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Street Fund Revenues:				
Intergovernmental Revenues	\$ 20,000	\$ 20,000	\$ 38,723	\$ 18,723
Interest, Rents and Miscellaneous	200	200	589	389
Total Street Fund Revenues	<u>20,200</u>	<u>20,200</u>	<u>39,312</u>	<u>19,112</u>
Street Fund Appropriations:				
Public Works				-
Streets	25,000	25,000	-	25,000
Total Street Fund Appropriations	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Net Change in Fund Balance	(4,800)	(4,800)	39,312	44,112
Fund Balances, Beginning of Year	<u>49,656</u>	<u>73,519</u>	<u>73,519</u>	<u>0</u>
Fund Balances, End of Year	<u>\$ 44,856</u>	<u>\$ 68,719</u>	<u>\$ 112,831</u>	<u>\$ 44,112</u>

CITY OF TAYLORSVILLE, KENTUCKY
BUDGETARY COMPARISON SCHEDULES
REQUIRED SUPPLEMENTARY INFORMATION-MODIFIED ACCRUAL BASIS
WATER AND SEWER FUND
For The Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Water and Sewer Fund Revenues:				
Charges for Services	\$ 4,269,000	\$ 4,269,000	\$ 4,066,267	\$ (202,733)
Project Funds	270,000	270,000	107,541	(162,459)
Interest, Rents and Miscellaneous	-	-	35,664	35,664
Total Water and Sewer Fund Revenues	4,539,000	4,539,000	4,209,472	(329,528)
Water and Sewer Fund Appropriations:				
Public Utilities	4,324,328	4,324,328	3,993,371	330,957
Project Expense	270,000	270,000	0	270,000
Interest Expense	-	-	302,657	(302,657)
Total Water and Sewer Fund Appropriation	4,594,328	4,594,328	4,296,028	298,300
Net Change in Fund Balance	(55,328)	(55,328)	(86,556)	(31,228)
Restricted Fund Balance	17,829,814	19,395,235	19,809,771	414,536
Unrestricted Fund Balance	621,993	621,993	207,456	(414,537)
Fund Balances, Beginning of Year	18,451,807	20,017,228	20,017,227	(1)
Fund Balances, End of Year	\$ 18,396,479	\$ 19,961,900	\$ 19,930,671	\$ (31,230)