

City of Nortonville, Kentucky

Compilation of Financial Statements

For the year ended June 30, 2010

**CITY OF NORTONVILLE, KENTUCKY**  
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To the City Council  
City of Nortonville, Kentucky

We have compiled the accompanying financial statements of the governmental activities and business type activities for the City of Nortonville, Kentucky as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents, and the accompanying supplementary schedule which is presented for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. We have not audited or reviewed the accompanying financial statements and the supplementary schedule and, accordingly do not express an opinion or any other form of assurance on them.

Management has elected to omit the statement of cash flows of the business type activities and substantially all of the disclosures required by generally accepted accounting principles. If the omitted statement of cash flows and disclosures were included in the financial statements, they might influence the user's conclusions about the City's financial position, results of operations and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Management has not presented the management's discussion and analysis information or required supplementary information (Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund) that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

We are not independent with respect to the City of Nortonville, Kentucky.

*Alford, Nance & Jones, LLP*

February 8, 2011

**CITY OF NORTONVILLE, KENTUCKY  
STATEMENT OF NET ASSETS  
JUNE 30, 2010**

<b>Assets</b>	Governmental Activities	Business- Type Activities	Total
Cash and cash equivalents	\$22,055	\$26,561	\$48,616
Receivables	24,910	37,251	62,161
Inventory		9,125	9,125
Internal balances			0
Restricted assets:			
Cash and cash equivalents	2,656	490	3,146
Capital assets, net of accumulated depreciation	719,759	5,225,950	5,945,709
<b>Total assets</b>	<b>769,380</b>	<b>5,299,377</b>	<b>6,068,757</b>
<b>Liabilities</b>			
Accounts payable			0
Accrued payroll and related expenses	4,709		4,709
Accrued interest payable		37,152	37,152
Deferred revenue	24,661		24,661
Customer deposits		72,157	72,157
Noncurrent Liabilities:			
Due within one year	3,377	58,000	61,377
Due in more than one year		3,395,730	3,395,730
<b>Total liabilities</b>	<b>32,747</b>	<b>3,563,039</b>	<b>3,595,786</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	716,382	1,699,744	2,416,126
Unrestricted	20,251	36,594	56,845
<b>Total net assets</b>	<b>\$736,633</b>	<b>\$1,736,338</b>	<b>\$2,472,971</b>

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**CITY OF NORTONVILLE, KENTUCKY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>							
<b>Governmental Activities:</b>							
General government	\$229,258	\$1,615	\$65,908		(\$161,737)		(\$161,737)
Public safety	98,158		19,715	\$45,055	(33,388)		(33,388)
Public streets	19,231				(19,231)		(19,231)
Interest on long-term debt	115				(115)		(115)
Depreciation	64,367				(64,367)		(64,367)
<b>Total governmental activities</b>	<b>411,129</b>	<b>1,615</b>	<b>85,621</b>	<b>45,055</b>	<b>(278,838)</b>	<b>0</b>	<b>(278,838)</b>
<b>Business-Type Activities:</b>							
Water system	329,798	235,431				(94,367)	(94,367)
Sewer system	470,529	477,514				6,985	6,985
<b>Total business-type activities</b>	<b>800,327</b>	<b>712,945</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(87,382)</b>	<b>(87,382)</b>
<b>Total primary government</b>	<b>\$1,211,456</b>	<b>\$714,560</b>	<b>\$85,621</b>	<b>\$45,055</b>	<b>(278,838)</b>	<b>(87,382)</b>	<b>(366,220)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property					59,842		59,842
Utility franchise					38,290		38,290
Insurance premium					80,000		80,000
Telecommunications					3,283		3,283
Interest					97	36	133
Occupational license fees					2,705		2,705
Other local revenue					2,115		2,115
Gain (loss) on fixed asset							0
Intergovernmental							0
Transfers					17,958	(17,956)	0
<b>Change in net assets</b>					<b>(74,550)</b>	<b>(105,302)</b>	<b>(179,852)</b>
<b>Net assets - beginning</b>					<b>811,183</b>	<b>1,841,640</b>	<b>2,652,823</b>
<b>Prior period adjustment</b>							<b>0</b>
<b>Net assets - beginning as restated</b>					<b>811,183</b>	<b>1,841,640</b>	<b>2,652,823</b>
<b>Net assets - ending</b>					<b>736,633</b>	<b>1,736,338</b>	<b>2,472,971</b>

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**CITY OF NORTONVILLE, KENTUCKY  
BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2010**

	<u>General Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$22,055
Property taxes receivable	24,910
Restricted cash	<u>2,656</u>
<b>Total assets</b>	<u><u>\$49,621</u></u>
 <b>Liabilities and Fund Balance (Deficit)</b>	
<b>Liabilities</b>	
Accounts payable	
Accrued payroll and related expenses	\$4,709
Deferred revenue	24,661
Due to other funds	
<b>Total liabilities</b>	<u>29,370</u>
 <b>Fund Balance</b>	
Unreserved	<u>20,251</u>
<b>Total fund balance</b>	<u>20,251</u>
<b>Total liabilities and fund balance</b>	<u><u>\$49,621</u></u>

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**CITY OF NORTONVILLE, KENTUCKY  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND TO  
THE STATEMENT OF NET ASSETS  
JUNE 30, 2010**

Total fund balance (deficit) per fund financial statements	\$20,251
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net assets.	719,759
Certain liabilities (such as bonds payable and capital leases) are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net assets.	<u>(3,377)</u>
Net assets for governmental activities	<u><u>\$736,633</u></u>

**CITY OF NORTONVILLE, KENTUCKY  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	General Fund
<b>Revenues:</b>	
Taxes:	
Property	\$59,842
Utility franchise	38,290
Insurance premium	80,000
Telecommunications tax	3,283
Occupational license fees	2,705
Interest	97
Miscellaneous	
Cemetery lot sales	1,875
Police court	240
Rental	1,615
Recreation	
Intergovernmental - FEMA grants	110,961
Intergovernmental - State Fire Aid	8,250
Intergovernmental - KLEPTF	4,122
Intergovernmental - Municipal Road Aid	7,343
<b>Total revenues</b>	<b>318,623</b>
<b>Expenditures:</b>	
Current:	
General government	229,258
Public safety	98,158
Public streets	19,231
Capital outlay:	
Property acquisition or construction	30,343
Debt service:	
Principal	1,623
Interest	115
<b>Total expenditures</b>	<b>378,728</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(60,105)</b>
<b>Other Financing Sources (Uses)</b>	
Proceeds from sale of fixed assets	
Proceeds from issuance of debt	5,000
Transfers in	114,201
Transfers out	(96,245)
<b>Total other financing sources (uses)</b>	<b>22,956</b>
<b>Net change in fund balance (deficit)</b>	<b>(37,149)</b>
<b>Fund balance, July 1, 2009</b>	<b>57,400</b>
<b>Fund balance, June 30, 2010</b>	<b>\$20,251</b>

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**CITY OF NORTONVILLE, KENTUCKY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Net change in total fund balances (deficit) per fund financial statements

Amounts reported for governmental activities in the statement of activities are different because:	\$ (37,149)
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds or is (less than) depreciation expense for the year.	(34,024)
Note payments are recognized as expenditures of current financial resources in the fund financial statements, but are reductions of liabilities in the statement of net assets.	1,623
The issuance of long-term debt provides current financial resources to governmental funds and is recognized as a source of funds in this fund financial statement, but is reported as a liability on the government-wide statement of net assets.	<u>(5,000)</u>
Change in net assets of governmental activities	<u><u>(\$74,550)</u></u>

**CITY OF NORTONVILLE, KENTUCKY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2010**

	Sewer Fund	Water Fund	Total
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$9,395	\$17,166	\$26,561
Accounts receivable	27,117	10,134	37,251
Inventory		9,125	9,125
Due from other funds			0
<b>Total current assets</b>	<b>36,512</b>	<b>36,425</b>	<b>72,937</b>
<b>Noncurrent assets</b>			
Restricted assets - cash	82	408	490
Capital assets, net of accumulated depreciation	4,714,924	511,026	5,225,950
<b>Total noncurrent assets</b>	<b>4,715,006</b>	<b>511,434</b>	<b>5,226,440</b>
<b>Total assets</b>	<b>4,751,518</b>	<b>547,859</b>	<b>5,299,377</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable			0
Accrued payroll and related expenses			0
Due to other funds			0
<b>Total current liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Current liabilities payable from restricted assets</b>			
Customer deposits		72,157	72,157
Accrued interest payable	37,152		37,152
Revenue bonds payable	39,000	19,000	58,000
<b>Total current liabilities payable from restricted assets</b>	<b>76,152</b>	<b>91,157</b>	<b>167,309</b>
<b>Noncurrent liabilities</b>			
Interim construction loan	2,554,230		2,554,230
Revenue bonds payable, net	449,000	392,500	841,500
<b>Total noncurrent liabilities</b>	<b>3,003,230</b>	<b>392,500</b>	<b>3,395,730</b>
<b>Total liabilities</b>	<b>3,079,382</b>	<b>483,657</b>	<b>3,563,039</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	1,635,542	64,202	1,699,744
Unrestricted	36,594		36,594
<b>Total net assets</b>	<b>\$1,672,136</b>	<b>\$64,202</b>	<b>\$1,736,338</b>

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**CITY OF NORTONVILLE, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Sewer Fund	Water Fund	Total
<b>Operating Revenues:</b>			
Charges for services	\$470,525	\$230,654	\$701,179
Meter tap fees			0
Service charges and penalties	6,989	4,777	11,766
Miscellaneous			0
<b>Total operating revenues</b>	<b>477,514</b>	<b>235,431</b>	<b>712,945</b>
<b>Operating Expenses:</b>			
Salaries and wages	58,877	88,315	147,192
Payroll taxes	4,504	6,756	11,260
Retirement	7,766	11,649	19,415
Health Insurance		6,612	6,612
Utilities	58,137	36,450	94,587
Telephone	4,229	3,690	7,919
Office supplies	1,660	2,165	3,825
Repairs and maintenance	35,899	25,579	61,478
Fuel and oil	7,753	9,664	17,417
Insurance - liability	14,208	14,208	28,416
Contract service	46,822	4,960	51,782
Sludge disposal	13,121		13,121
Testing		1,987	1,987
Chemicals	7,923	2,986	10,909
Postage	352	3,704	4,056
Uniforms	1,611	2,379	3,990
Dues & subscriptions		1,212	1,212
Supplies	21,215	1,562	22,777
Miscellaneous	553	53,837 <i>unidentified</i>	54,390
Professional	1,281	4,656	5,937
Travel		1,031	1,031
Bank charges	1,220	320	1,540
Depreciation	144,948	26,835	171,783
<b>Total operating expenses</b>	<b>432,079</b>	<b>310,557</b>	<b>742,636</b>
<b>Operating income (loss)</b>	<b>45,435</b>	<b>(75,126)</b>	<b>(29,691)</b>
<b>Nonoperating Revenues (Expenses):</b>			
Interest income	29	7	36
Interest expense	(38,450)	(19,241)	(57,691)
Gain (loss) on disposal of assets			0
<b>Loss before capital contributions and transfers</b>	<b>7,014</b>	<b>(94,360)</b>	<b>(87,346)</b>
Capital contributions - grant proceeds			0
Transfers in	177,628	305,053	482,681
Transfers out	(303,736)	(196,901)	(500,637)
<b>Change in net assets</b>	<b>(119,094)</b>	<b>13,792</b>	<b>(105,302)</b>
<b>Net assets, July 1, 2009</b>	<b>1,791,230</b>	<b>50,410</b>	<b>1,841,640</b>
<b>Net assets, June 30, 2010</b>	<b>\$1,672,136</b>	<b>\$64,202</b>	<b>\$1,736,338</b>

See accountants' compilation report

**CITY OF NORTONVILLE, KENTUCKY**  
**SCHEDULE OF EXPENDITURES**  
**GENERAL FUND**  
for the year ended June 30, 2010

	<u>Actual</u>	
General government expenditures:		
Salaries and wages	\$ 66,453	
Legal	200	
Advertising	1,311	
Payroll taxes	5,084	
Retirement	8,765	
Office supplies	4,189	
Postage	684	
Utilities	19,830	
Telephone	3,401	
Insurance - liability	25,827	
Employee flu shots	99	
Health Insurance	4,612	
Repairs and maintenance	3,627	
Fuel & oil	1,163	
Accounting/audit		
Contract services	1,680	
Tax bill preparation	1,485	
Travel & training		
Dues & subscriptions		
Miscellaneous	65,889	<i>includes \$59,089</i>
Supplies	13,022	<i>unidentified</i>
Library - miscellaneous	180	
Library - telephone	1,088	
Uniforms	55	
Bank service charges	416	
GP/Playground - Miscellaneous	198	
Nortonville Ballpark:		
Repairs & maintenance		
Various		
	<u>229,258</u>	
Capital outlay	<u>13,546</u>	
Total general government expenditures	<u>242,804</u>	
Public safety expenditures:		
Police:		
Salaries & wages	34,755	
KLEFPF pay	3,100	
Payroll taxes	2,896	
Fuel & oil	1,303	
Telephone	973	
Vehicle maintenance	698	
Health insurance	2,000	
Liability insurance		
Narcotics taskforce	1,411	
Miscellaneous		
Contract labor		
Office supplies	80	
Retirement	10,675	
Travel and training	412	
Repairs & maintenance	1,012	
Legal & audit		
Expendable supplies/ammo.		
Expense/uniform allowance		
	<u>59,315</u>	
Debt service	1,738	
Capital outlay	<u>5,000</u>	
Total police expenditures	<u>66,053</u>	

**CITY OF NORTONVILLE, KENTUCKY**  
**SCHEDULE OF EXPENDITURES - CONTINUED**  
**GENERAL FUND**  
**for the year ended June 30, 2010**

	<b>Actual</b>
<b>Fire:</b>	
Salaries and wages	\$ 3,811
Payroll taxes	292
Fuel & oil	924
Office supplies	
Dues and subscriptions	150
Repairs and maintenance	3,773
Supplies	14,115
Tavel and training	8,460
Utilities	2,929
Vehicle maintenance	
Volunteer firemen	2,460
Miscellaneous	51
Telephone	1,878
	38,843
Debt service	
Capital outlay	11,797
	50,640
<b>Total fire department expenditures</b>	<b>50,640</b>
<b>Total public safety expenditures</b>	<b>116,693</b>
<b>Public works expenditures:</b>	
<b>Streets:</b>	
Utilities	13,959
Street improvements	5,272
Vehicles maintenance	
Contract services	
Repairs & maintenance	
Miscellaneous	
	19,231
Capital outlay	
	19,231
<b>Total public works expenditures</b>	<b>19,231</b>
<b>Reserve for contingencies</b>	
	378,728
<b>Total general fund expenditures</b>	<b>\$ 378,728</b>

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