RANKIN, RANKIN & COMPANY
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
City of Fort Wright, Kentucky

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fort Wright, Kentucky, as of, and for the year ended June 30, 2011, which collectively comprise the City of Fort Wright's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City of Fort Wright, Kentucky's, management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregrate remaining fund information of the City of Fort Wright, Kentucky, as of June 30, 2011, 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.

In accordance with *Government Auditing Standards,* we have also issued a report dated December 8, 2011 on our consideration of the City of Fort Wright, Kentucky's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and certain required budgetary comparison information 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fort Wright, Kentucky's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RANKIN, RANKIN, & COMPANY

Rankin, Rankin + Company

Ft. Wright, Kentucky
December 8, 2011

CITY OF FORT WRIGHT, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2011

	Required Supplementary Information			
	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary fund balance, July 1	$ 1,230,798	$ 2,022,684	$ 2,022,684	$ -
Resources (inflows):				
Taxes	1,273,000	1,269,500	1,399,022	129,522
Licenses and permits	1,832,000	1,830,000	1,844,650	14,650
Intergovernmental	107,860	136,733	126,134	(10,599)
Charges for services	327,400	329,311	344,995	15,684
Fines and forfeitures	21,200	32,102	50,315	18,213
Uses of property	8,100	14,100	12,499	(1,601)
Miscellaneous	18,260	39,770	33,728	(6,042)
Transfers in	60,000	60,000	224,873	164,873
Amounts available for appropriation	4,878,618	5,734,200	6,058,900	324,700
Charges to appropriations (outflows)				
General government	409,375	461,157	359,566	101,591
Police	1,463,250	1,378,844	1,264,925	113,919
Fire/EMS	849,350	844,150	718,506	125,644
Public works	673,250	672,660	663,611	9,049
Plant/community projects	117,680	110,895	99,944	10,951
Debt Service	231,000	231,000	223,781	7,219
Transfers out	72,500	72,500	72,500	-
Total charges to appropriations	3,816,405	3,771,206	3,402,833	368,373
Budgetary fund balance, June 30	$ 1,062,213	$ 1,962,994	$ 2,656,067	$ 693,073

The basis of budgeting is the same as GAAP.

CITY OF FORT WRIGHT, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND-MUNICIPAL AID
For the Year Ended June 30, 2011

	Required Supplementary Information			
	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary fund balances, July 1	$ 577,051	$ 529,902	$ 529,902	$ -
Resources (inflows):				
Intergovernmental	95,000	103,672	119,472	15,800
Interest	2,000	4,200	4,314	114
Miscellaneous	-	-	-	-
Transfers from other funds	-	-	-	-
Amounts available for appropriation	674,051	637,774	653,688	15,914
Charges to appropriations (outflows):				
Current				
Administration	175	175	172	3
Public works	375,000	20,000	21,756	(1,756)
Capital outlay	-	-	-	-
Total	375,175	20,175	21,928	(1,753)
Budgetary fund balances, June 30	$ 298,876	$ 617,599	$ 631,760	$ 14,161

The basis of budgeting is the same as GAAP.

CITY OF FORT WRIGHT, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary fund balances, July 1	$ 244,902	$ 210,434	$ 210,434	$ -
Resources (inflows):				
Interest	2,000	1,600	1,435	(165)
Grants and contributions	-	-	-	-
Other income	-	-	-	-
Amounts available for appropriation	246,902	212,034	211,869	(165)
Charges to appropriations (outflows):				
Current				
Administration	20,000	14,700	696	14,004
Police	27,000	25,273	-	25,273
Public works	-	-	-	-
Capital outlay	-	-	32,374	(32,374)
Debt service	12,500	13,925	13,926	(1)
Transfers to other funds	-	-	164,873	(164,873)
Total	59,500	53,898	211,869	(157,971)
Budgetary fund balances, June 30	$ 187,402	$ 158,136	$ -	$ (158,136)

The $32,374 capital outlay was budgeted under administration and Police departments.
The Capital Projects Fund was closed into the General Fund

The basis of budgeting is the same as GAAP.