

CITY OF PIKEVILLE, KENTUCKY

FINANCIAL STATEMENTS

For the year ended June 30, 2014

**Wallen, Puckett, & Anderson, PSC**

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 1349

PIKEVILLE, KENTUCKY 41502

CITY OF PIKEVILLE, KENTUCKY  
 COMBINED FINANCIAL STATEMENTS

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June 30, 2014

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CITY OF PIKEVILLE, KENTUCKY

MUNICIPAL OFFICIALS

JUNE 30, 2014

	<u>Office</u>	<u>Name</u>	<u>Term</u>	
Elective	Mayor	Franklin D. Justice, II	01/01/2011	12/31/2014
	Commissioners	Eugene "Gene" Davis	01/01/2013	12/31/2014
		Jimmy Carter	01/01/2013	12/31/2014
		Barry Chaney	01/01/2013	12/31/2014
		Jerry K Coleman	01/01/2013	12/31/2014
Appointed	City Manager	Donovan Blackburn		
	Finance Director	Tonya Taylor		
	City Clerk	Rebecca Hamilton		
	City Attorney	Rusty R. Davis		

**Wallen, Puckett, & Anderson, PSC**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners  
City of Pikeville, Kentucky

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Pikeville, Kentucky, as of and for the year ended June 30, 2014, 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's 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 from material misstatement.

An audit involves 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. 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.

## ***Opinions***

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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pikeville, Kentucky, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance 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 on pages 5-13 and 57-74 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 Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pikeville, Kentucky's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic 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 November 19, 2014, on our consideration of the City of Pikeville, 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 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 City of Pikeville, Kentucky's internal control over financial reporting and compliance.

WALLEN, PUCKETT, AND ANDERSON, P. S. C.

*Wallen, Puckett and Anderson, PSC*

Certified Public Accountants  
Pikeville, Kentucky

November 19, 2014

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# **Management's Discussion and Analysis Financial Report**

**City of Pikeville**

**June 30, 2014**

Our discussion and analysis of Pikeville's financial performance provides an overview of the city's financial activities for the fiscal year ending June 30, 2014. Please review in conjunction with the transmittal letter and the city's financial statements.

## **REVIEWING THE ANNUAL REPORT**

The annual report covers multiple financial statements. The Statement of Net Position and the Statement of Activities supply data about the activities of the city as a whole and provide information regarding the city's finances. For government activities, these statements provide long-term and short-term information about the city's overall status. Financial reporting is similar to that found in the private sector with its basis in full accrual accounting. Fund financial statements show city operations in more detail than government-wide statements, as they provide information about the city's most important funds.

## **FINANCIAL HIGHLIGHTS**

Due to this year's operations, the city's Net Position are as follows: Net Position of business-type activities were \$24,677,603 and Net Position of governmental activities were \$60,551,518.

- The current year's expense total was \$14,589,531 as compared to the \$15,655,946 generated in fees and charges, grants, general revenues, and taxes for governmental programs (before extraordinary items). In the previous year, expenses were \$14,008,490 as compared to the \$16,054,044 generated in tax and other revenues for governmental programs (before extraordinary items).
- For business-type activities, city revenues were \$8,354,458. Expenses were \$8,106,838. In the previous year, city revenues were \$8,395,719. Expenses were \$7,836,589.
- The annual cost of all city programs was \$22,696,369. The previous year's cost was \$22,845,079.

# Management's Discussion and Analysis Financial Report

City of Pikeville

June 30, 2014

## **THE CITY AS A WHOLE ANALYSIS**

Because the Statement of Net Position and the Statement of Activities provide facts about the city as a whole, the statements can help determine if a city's financial condition has improved or deteriorated as a result of the year's activities. All assets and liabilities are included in the statements using the accrual basis of accounting. The accrual method is comparable to the accounting used by most private corporations. All current year revenues and expenses are included. It does not matter when cash is paid or received.

These statements give an account of the city's Net Position and any changes in those assets. However, to truly judge the condition of the city, some non-financial factors, such as diversification of the taxpayer base or the condition of the city's infrastructure, must be considered in addition to the financial information provided in this report.

The Statement of Net Position and the Statement of Activities divide the city into two types of activities:

- 1) **Governmental activities:** The city's basic services are accounted for in this section, including the police, fire, public works, parks departments and general administration. Property taxes, franchise fees, and state and federal grants finance the majority of these activities.
  
- 2) **Business-type activities:** These activities are reported in the fund financial statements and generally report services for which the city charges customers a fee. There are two kinds of Business-type activities. These are enterprise funds and internal service funds. Enterprise funds essentially encompass the same functions reported as Business-type activities in the government-wide statements. Services are provided to customers external to the city organization such as water utilities. Internal service funds provide services and charge fees to customers within the city organization such as fleet services (maintenance and repair of vehicles) and the print shop (mail and printing services for city departments). Because the city's internal service funds primarily serve governmental functions, they are included within the Governmental activities of the government-wide financial statements.

# **Management's Discussion and Analysis Financial Report**

**City of Pikeville**

**June 30, 2014**

## **DETAILING THE MOST IMPORTANT FUNDS**

The fund financial statements provide detailed information about the most important funds of the city. Certain funds are mandated by State law and by bond agreements. Other funds are established to manage money, meet legal requirements or for certain taxes or grants.

- **Government funds:** Basic services are reported in government funds. Government fund financial statements detail how money flows in and out of the funds and reports the balances left at year-end that are on hand for disbursement. Government funds are reported using an accounting method called modified accrual accounting. This method measures cash and financial assets that can easily be converted to cash. The governmental fund accountability focuses on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the next term.

Budgetary comparison statements are included in the basic financial statements for the general fund and major revenue fund. These statements and schedules demonstrate compliance within the city adopted and final revised budget.

- **Proprietary funds:** Proprietary funds are those in which the city charges for services it provides, both to city units and outside customers. Proprietary funds are reported in the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position. The city's enterprise funds, a component of proprietary funds, are the same as the business-type activities we report in the government-wide statements, but they give more detailed information such as cash flow. Another component of proprietary funds are internal service funds. Internal service funds cover activities that provide supplies and services for city programs.

## **CITY SERVING AS TRUSTEE**

Due to trust arrangements, the city is often accountable for assets that can only be used for trust beneficiaries. All of these trustee proceedings are detailed in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position, if required. Because the city cannot use these assets to finance its operations, these activities are not included in other financial statements. However, the city must be certain the assets detailed in these funds are used for their intended purposes.

## **NOTES TO FINANCIAL STATEMENTS**

The notes provide additional information that is necessary for a full understanding of the data provided in the accompanying financial statements.

## **OTHER INFORMATION**

In addition to the financial statements and notes, this report contains supplementary information and details of the accompanying financial statements.

# Management's Discussion and Analysis Financial Report

## City of Pikeville

June 30, 2014

TABLE 1  
NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>Current</u>	<u>Previous</u>	<u>Current</u>	<u>Previous</u>	<u>Current</u>	<u>Previous</u>
	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>
Assets:	15,236,726	15,085,046	6,738,781	7,268,918	21,975,507	22,353,964
Capital Assets:	50,981,939	48,643,051	24,174,918	24,776,934	75,156,857	73,419,985
Total Assets	<u>66,218,665</u>	<u>63,728,097</u>	<u>30,913,699</u>	<u>32,045,852</u>	<u>97,132,364</u>	<u>95,773,949</u>
Long-term liabilities:	4,100,307	3,814,191	5,660,448	7,037,333	9,760,755	10,851,524
Other liabilities:	1,554,997	595,255	575,648	724,003	2,130,645	1,319,258
Deferred Inflows of Resources	<u>11,843</u>	<u>19,127</u>	<u>0</u>	<u>0</u>	<u>11,843</u>	<u>19,127</u>
Total Liabilities	<u>5,667,147</u>	<u>4,428,573</u>	<u>6,236,096</u>	<u>7,761,336</u>	<u>11,903,243</u>	<u>12,189,909</u>
Net Assets:						
Invested in Capital Assets, net of related debt:	46,519,836	44,493,860	18,244,360	17,337,032	64,764,196	61,830,892
Restricted:	0	0	104,960	91,220	104,960	91,220
Unrestricted (deficit):	<u>14,031,682</u>	<u>14,805,664</u>	<u>6,328,283</u>	<u>6,856,264</u>	<u>20,359,965</u>	<u>21,661,928</u>
Total Net Assets	<u>60,551,518</u>	<u>59,299,524</u>	<u>24,677,603</u>	<u>24,284,516</u>	<u>85,229,121</u>	<u>83,584,040</u>

### **CITY AS A WHOLE**

The city's combined Net Position from the previous year were \$83,584,040 as compared to \$85,229,121 this year. However, Net Position and expenses from governmental and business-type activities must be reviewed separately. Table 1 focuses on the Net Position and Table 2 focuses on changes in the Net Position of the city's governmental and business-type activities.

The city's Net Position for governmental activities were \$60,551,518 this year as compared to \$59,299,524 last year. Unrestricted Net Position was \$14,805,664 last year as compared to \$14,031,682 this year. Unrestricted Net Position are those that can be used to finance every-day operations without restrictions set by legislation, debt covenants, or other legal regulations.

The Net Position of the city's business-type activities was \$24,677,603 this year as compared to 24,284,516 last year.

City revenues (excluding extraordinary items) for the current year were \$24,365,870 as compared to \$25,136,893 in the previous year. The total yearly cost of all programs and services was \$22,696,369 as compared to \$21,568,901 in the previous year.

# Management's Discussion and Analysis Financial Report

## City of Pikeville

June 30, 2014

Table 2  
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenues						
Program Revenues Restricted						
Charges for Services	117,137	125,639	8,354,458	8,395,719	8,471,595	8,521,358
Restricted Operating Grants	504,330	578,020	0	0	504,330	578,020
Restricted Capital Grants	971,921	1,073,457	368,341	924,474	1,340,262	1,997,931
Restricted Other	0	0	0	0	0	0
General						
Property Taxes	1,015,889	1,014,805	0	0	1,015,889	1,014,805
Other Taxes	11,489,947	11,487,230	0	0	11,489,947	11,487,230
Interest & Investment Income	88,711	101,645	29,464	36,507	118,175	138,152
Other General Revenues	1,467,657	1,397,070	2,025	2,327	1,469,682	1,399,397
Total Revenues	<u>15,655,592</u>	<u>15,777,866</u>	<u>8,754,288</u>	<u>9,359,027</u>	<u>24,409,880</u>	<u>25,136,893</u>
Program Expenses						
General Government	2,880,282	2,685,589	0	0	2,880,282	2,685,589
Public Safety	4,959,327	5,097,441	0	0	4,959,327	5,097,441
Public Works	0	0	0	0	0	0
Culture & Recreation	922,931	886,830	0	0	922,931	886,830
Community Development	0	0	0	0	0	0
Education	0	0	0	0	0	0
Interest on Long-Term Debt	99,774	123,366	0	0	99,774	123,366
Business Activities						
Water &/or Sewer	0	0	5,180,449	5,007,349	5,180,449	5,007,349
Other Utilities	0	0	2,970,399	2,829,240	2,970,399	2,829,240
Parking Facilities	85,372	69,093	0	0	85,372	69,093
Other Expenses	5,641,845	4,869,993	0	0	5,641,845	4,869,993
Total Expenses	<u>14,589,531</u>	<u>13,732,312</u>	<u>8,150,848</u>	<u>7,836,589</u>	<u>22,740,379</u>	<u>21,568,901</u>
Excess (deficiency) Before						
Extraordinary Items & Transfers:	1,066,061	2,045,554	603,440	1,522,438	1,669,501	3,567,992
Extraordinary Items & Transfers	210,354	229,487	(210,354)	(229,487)	0	0
Increase (Decrease) in Net Assets	<u>1,276,415</u>	<u>2,275,041</u>	<u>393,086</u>	<u>1,292,951</u>	<u>1,669,501</u>	<u>3,567,992</u>

# Management's Discussion and Analysis Financial Report

City of Pikeville

June 30, 2014

## GOVERNMENTAL ACTIVITIES

This year's governmental activities revenues were \$15,655,592 as compared to \$15,777,866 last year. The year's governmental activities cost was \$14,589,531 as compared to \$13,732,312 in the previous year.

Table 3 details the cost of the city's major programs as well as each program's net cost (total cost less revenues generated by the program). The net cost indicates the financial burden that was shifted to the city's taxpayers by each of these programs.

Table 3  
Governmental Activities

	Total Cost of Services	
	Current Year	Previous Year
Police Department	2,048,492	1,980,521
Fire Department	2,246,661	2,242,760
Public Works		
Education		
Parks and Recreation	922,931	908,603
All others	9,371,447	8,600,428
Totals	<u>14,589,531</u>	<u>13,732,312</u>

## BUSINESS-TYPE ACTIVITIES

This year's Business-type activities revenues (see Table 2) were \$8,754,288 as compared to \$9,359,027 last year. This year's expenses were \$8,150,848 as compared to \$7,836,589 in the previous year. These figures are somewhat due to these reasons:

## GENERAL FUND BUDGETARY STATEMENTS

The City Council revisits the budget several times during the year. The current year's budgets focus on general funds, major funds and on availability of fund resources.

## CITY FUNDS

At year end the city reported a government net position (see Table 1) of \$85,229,121 as compared to \$83,584,040 in the previous year.

# Management's Discussion and Analysis Financial Report

City of Pikeville

June 30, 2014

## CAPITAL ASSETS

Table 4  
Capital Assets at Year-End  
(Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Land	12,530,935	13,452,650	138,000	138,000	12,668,935	13,590,650
Buildings and Improvements	15,230,523	15,356,878			15,230,523	15,356,878
Equipment	1,893,928	1,971,772	946,551	936,790	2,840,479	2,908,562
Infrastructure	15,844,687	16,788,689	22,698,594	23,400,229	38,543,281	40,188,918
Other	5,481,866	1,073,062	391,773	301,915	5,873,639	1,374,977
Totals	<u>50,981,939</u>	<u>48,643,051</u>	<u>24,174,918</u>	<u>24,776,934</u>	<u>75,156,857</u>	<u>73,419,985</u>

At the close of the year, the city had invested \$75,156,857 in capital assets such as land, buildings and improvements, equipment or infrastructure (see Table 4). \$73,419,985 was invested in similar assets last year.

The current year's chief capital asset additions included:

- Fire Station Construction
- Riverfill Seating
- Jenny Wiley Theater Construction
- Sewer Plant Improvements
- Vehicles for various departments.

# Management's Discussion and Analysis Financial Report

City of Pikeville

June 30, 2014

Table 5  
Outstanding Debt at Year-End

	Governmental		Business-type		Totals	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
General obligation bonds (backed by the city)	3,220,000	4,205,000	2,235,779	2,391,994	5,455,779	6,596,994
Revenue bonds and notes (backed by specific tax and fee revenues)	0	0	3,228,500	4,524,059	3,228,500	4,524,059
Other bonds or outstanding obligations	<u>1,242,103</u>	<u>0</u>	<u>466,279</u>	<u>523,849</u>	<u>1,708,382</u>	<u>523,849</u>
Totals	<u>4,462,103</u>	<u>4,205,000</u>	<u>5,930,558</u>	<u>7,439,902</u>	<u>10,392,661</u>	<u>11,644,902</u>

## **DEBT MANAGEMENT**

At the close of the year, the city had \$10,392,661 in outstanding bonds and notes as compared to \$11,644,902 in the previous year (see table 5).

## **ECONOMIC ISSUES / UPCOMING YEARLY BUDGETS**

City public officials considered many issues when establishing the upcoming year's budget, tax rates, and fees.

## **CONTACT INFORMATION**

This report has been created to give our citizens, taxpayers, customers, investors and creditors a summary of city finances and to show how its revenues are used. If you have any questions regarding this report, or if you need additional financial information, please contact:

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Finance Director  
118 College Street  
Pikeville, Kentucky 41501  
Phone: 606 437 5103  
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**BASIC FINANCIAL STATEMENTS**

CITY OF PIKEVILLE, KENTUCKY

STATEMENT OF NET POSITION  
June 30, 2014

	Governmental Activities	Business Type	Total	Component Unit
<b>ASSETS</b>				
Cash	\$ 9,063,358	\$ 2,722,255	\$ 11,785,613	\$ 124,574
Certificates of Deposit and Savings	5,429,615	2,141,060	7,570,675	0
Receivables (Net of Allowance for Uncollectibles)				
Taxes	17,473	0	17,473	0
Accounts	162,586	880,102	1,042,688	57,500
Other	0	0	0	12,193
Due From Other Funds	122,792	12,314	135,106	0
Inventories	0	0	0	56,630
Prepaid Expenses	374,097	106,018	480,115	15,254
Restricted Assets				
Cash	0	655,143	655,143	0
Certificates of Deposit	0	145,275	145,275	0
Other Receivables	0	0	0	0
Bond Issuance Costs	66,805	76,614	143,419	0
Capital Assets, Net				
Land	12,530,935	138,000	12,668,935	0
Other Capital Assets, Net	38,451,004	24,036,918	62,487,922	0
<b>TOTAL ASSETS</b>	<b>\$ 66,218,665</b>	<b>\$ 30,913,699</b>	<b>\$ 97,132,364</b>	<b>\$ 266,151</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,067,758	\$ 164,003	\$ 1,231,761	\$ 96,437
Accrued Expenses	0	67,871	67,871	24,778
Current Portion of Long-Term Debt	361,796	270,110	631,906	0
Customer's Deposit	2,650	61,350	64,000	0
Due To Other Funds	122,793	12,314	135,107	0
Payable from Restricted Assets				
Matured Coupons Payable	0	0	0	0
Matured Bonds Payable	0	0	0	0
General Obligation Bonds Payable	2,858,204	0	2,858,204	0
Revenue Bonds Payable	0	5,252,779	5,252,779	0
Notes Payable	1,242,103	407,669	1,649,772	0
<b>TOTAL LIABILITIES</b>	<b>\$ 5,655,304</b>	<b>\$ 6,236,096</b>	<b>\$ 11,891,400</b>	<b>\$ 121,215</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Uncollected Real Estate Taxes	\$ 11,843	\$ 0	\$ 11,843	\$ 0
Deferred Revenues	0	0	0	118,372
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 11,843</b>	<b>\$ 0</b>	<b>\$ 11,843</b>	<b>\$ 118,372</b>
<b>NET POSITION</b>				
Investment in Capital Assets, Net of Related Debt	46,519,836	18,244,360	64,764,196	0
Restricted For:				
Reserve for Depreciation	0	0	0	0
Sinking Fund Reserve	0	104,960	104,960	0
Reserve For Operation and Maintenance	0	0	0	0
Reserved for Revenue Bond Retirement	0	0	0	0
Debt Service	0	0	0	0
Unrestricted	14,031,682	6,328,283	20,359,965	26,564
<b>TOTAL NET POSITION</b>	<b>\$ 60,551,518</b>	<b>\$ 24,677,603</b>	<b>\$ 85,229,121</b>	<b>\$ 26,564</b>
The accompanying notes are an integral part of the combined financial statements.				
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 66,218,665</b>	<b>\$ 30,913,699</b>	<b>\$ 97,132,364</b>	<b>\$ 266,151</b>
	0	0	0	0

CITY OF PIKEVILLE, KENTUCKY

STATEMENT OF ACTIVITIES

June 30, 2014

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total	
<b>Primary Government</b>								
<b>Governmental Activities</b>								
General Government	\$ 2,789,485	\$ 0	\$ 0	\$ 0	\$ (2,789,485)		\$ (2,789,485)	
Public Safety	5,093,896	0	0	0	(5,093,896)		(5,093,896)	
Streets	3,037,170	0	0	0	(3,037,170)		(3,037,170)	
Parking Garage	85,372	0	0	0	(85,372)		(85,372)	
Recreation	883,760	0	0	0	(883,760)		(883,760)	
Tourism	183,620	0	0	0	(183,620)		(183,620)	
Lake Cleanup	56,285	0	0	0	(56,285)		(56,285)	
Landscape	102,977	0	0	0	(102,977)		(102,977)	
Grants / Loan Advances	1,386,634	0	0	0	(1,386,634)		(1,386,634)	
Other	9,568	0	0	0	(9,568)		(9,568)	
Total Governmental Funds	<u>\$ 13,628,767</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (13,628,767)</u>		<u>\$ (13,628,767)</u>	
<b>Business-Type Activities</b>								
Water	\$ 2,506,550	\$ 2,635,142	\$ 0	\$ 0		\$ 128,592	\$ 128,592	
Sewer	1,159,138	1,202,166	0	0		43,028	43,028	
Gas	1,774,269	1,774,151	0	0		(118)	(118)	
Sanitation	1,144,410	1,335,755	0	0		191,345	191,345	
Outside Water	859,560	740,165	0	0		(119,395)	(119,395)	
Outside Sewer	655,201	667,079	0	0		11,878	11,878	
Other	7,710	0	0	0		(7,710)	(7,710)	
Total Business-type Activities	<u>\$ 8,106,838</u>	<u>\$ 8,354,458</u>	<u>\$ 0</u>	<u>\$ 0</u>		<u>\$ 247,620</u>	<u>\$ 247,620</u>	
Total Primary Government	<u>\$ 21,735,605</u>	<u>\$ 8,354,458</u>	<u>\$ 0</u>	<u>\$ 0</u>				
<b>Component Unit</b>								
SMG Food and Beverage, LLC	<u>\$ 2,747,239</u>	<u>\$ 1,792,583</u>	<u>\$ 0</u>	<u>\$ 0</u>				(954,656)
<b>General Revenues - Detailed:</b>								
Ad Valorem Taxes					\$ 1,015,889		\$ 1,015,889	\$
Franchise Taxes					599,273		599,273	
Occupational License Fees					8,343,096		8,343,096	
Other Taxes					1,406,754		1,406,754	
Permits and Fees					117,137		117,137	
Intergovernmental Revenue					1,443,403	368,341	1,811,744	
Other Grants					32,848		32,848	1,055,244
Interest Income					88,711	29,464	118,175	414
Other					1,111,624		1,111,624	
Royalties					0	2,025	2,025	
Tourism Contribution for Expo/Jenny Wiley					180,060		180,060	
Gain (loss) on disposal of assets					356,033	(44,010)	312,023	
Transfers					210,354	(210,354)	0	
Total General Revenues, Contributions, Special Items, and Transfers					<u>\$ 14,905,182</u>	<u>\$ 145,466</u>	<u>\$ 15,050,648</u>	<u>\$ 1,055,658</u>
Change in Net Position					<u>\$ 1,276,415</u>	<u>\$ 393,086</u>	<u>\$ 1,669,501</u>	<u>\$ 1,055,658</u>
Net Position - Beginning					59,299,524	24,284,517	83,584,041	(74,438)
Prior Period Adjustment					(24,421)	0	(24,421)	0
Net Position - Ending					<u>\$ 60,551,518</u>	<u>\$ 24,677,603</u>	<u>\$ 85,229,121</u>	<u>\$ 981,220</u>

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

CITY OF PIKEVILLE, KENTUCKY

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2014

	General	Coal Severance	Projects Control	Other Government Funds	Total
<b>ASSETS</b>					
Cash and Investments					
Cash	\$ 5,910,920	\$ 571,578	\$ 2,384,445	\$ 196,415	\$ 9,063,358
Certificates of Deposit and Savings	4,653,887	775,728	0	0	5,429,615
Receivables (Net of Allowance for Uncollectibles)					
Taxes	17,473	0	0	0	17,473
Miscellaneous	162,586	0	0	0	162,586
Due From Other Funds	0	0	122,792	0	122,792
Prepaid Expenses	374,097	0	0	0	374,097
<b>TOTAL ASSETS</b>	<b>\$ 11,118,963</b>	<b>\$ 1,347,306</b>	<b>\$ 2,507,237</b>	<b>\$ 196,415</b>	<b>\$ 15,169,921</b>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

LIABILITIES

Accounts Payable	\$ 278,711	\$ 11,805	\$ 777,242	\$ 0	\$ 1,067,758
Accrued Expenses	0	0	0	0	0
Customer's Deposit	2,650	0	0	0	2,650
Due From Other Funds	107,853	0	0	14,940	122,793
<b>TOTAL LIABILITIES</b>	<b>\$ 389,214</b>	<b>\$ 11,805</b>	<b>\$ 777,242</b>	<b>\$ 14,940</b>	<b>\$ 1,193,201</b>

DEFERRED INFLOWS OF RESOURCES

Uncollected Real Estate Taxes	\$ 11,843	\$ 0	\$ 0	\$ 0	\$ 11,843
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 11,843</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 11,843</b>

FUND BALANCES

Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for:					
Debt Service	0	0	0	130,610	130,610
Committed	0	0	0	0	0
Assigned To:					
Capital Projects	0	0	1,729,995	0	1,729,995
Other Purposes	0	0	0	28,263	28,263
Unrestricted	10,717,906	1,335,501	0	22,602	12,076,009
<b>TOTAL FUND BALANCES</b>	<b>\$ 10,717,906</b>	<b>\$ 1,335,501</b>	<b>\$ 1,729,995</b>	<b>\$ 181,475</b>	<b>\$ 13,964,877</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 11,118,963</b>	<b>\$ 1,347,306</b>	<b>\$ 2,507,237</b>	<b>\$ 196,415</b>	<b>\$ 15,169,921</b>

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

CITY OF PIKEVILLE, KENTUCKY

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION

June 30, 2014

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 13,964,877

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

Capital Assets used in governmental activities are not financial resources  
and therefore are not reported in the fund statements. 50,981,939

Long-Term Liabilities, including bonds payable, are not due and payable in the  
the current period and therefore are not reported in the funds. (4,395,298)

Total Net Position - Governmental Activities \$ 60,551,518

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

CITY OF PIKEVILLE, KENTUCKY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2014

	General	Coal Severance	Projects Control	Other Funds	Totals
<b>REVENUES</b>					
Ad Valorem Taxes	\$ 1,015,889	\$ 0	\$ 0	\$ 0	1,015,889
Franchise Taxes	599,273	0	0	0	599,273
Occupational License Fees	8,343,096	0	0	0	8,343,096
Other Taxes	1,406,754	0	0	0	1,406,754
Permits and Fees	117,137	0	0	0	117,137
Intergovernmental Revenue	741,921	456,416	230,000	15,066	1,443,403
Other Grants	32,848	0	0	0	32,848
Interest Income	63,899	6,386	16,503	1,923	88,711
Other Revenue	1,111,624	0	0	0	1,111,624
Total Revenues	<u>\$ 13,432,441</u>	<u>\$ 462,802</u>	<u>\$ 246,503</u>	<u>\$ 16,989</u>	<u>\$ 14,158,735</u>
<b>EXPENDITURES</b>					
<b>CURRENT</b>					
General Government	\$ 2,874,542	\$ 0	\$ 0	\$ 5,741	2,880,283
Public Safety	4,954,384	0	0	4,943	4,959,327
Streets	2,092,531	0	0	0	2,092,531
Parking Garage	85,372	0	0	0	85,372
Recreation	922,931	0	0	0	922,931
Tourism	189,242	0	0	0	189,242
Lake Cleanup	56,285	0	0	0	56,285
Landscape	102,977	0	0	0	102,977
Eastern Kentucky Exposition Center	0	0	0	0	0
Other	0	0	73	9,495	9,568
Capital Outlay	0	294,750	4,515,669	35,143	4,845,562
Debt Service					
Principal Retirement	0	0	0	985,000	985,000
Interest	0	0	0	99,774	99,774
Grants / Loan Advances	196,863	48,947	0	1,140,824	1,386,634
Total Expenditures	<u>\$ 11,475,127</u>	<u>\$ 343,697</u>	<u>\$ 4,515,742</u>	<u>\$ 2,280,920</u>	<u>\$ 18,615,486</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 1,957,314</u>	<u>\$ 119,105</u>	<u>\$ (4,269,239)</u>	<u>\$ (2,263,931)</u>	<u>\$ (4,456,751)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Long-Term Debt	\$ 0	\$ 0	\$ 1,242,103	\$ 0	1,242,103
Tourism Contribution for Expo/Jenny Wiley	180,060	0	0	0	180,060
Proceeds from Sale of Fixed Assets	2,053,720	0	0	0	2,053,720
Operating Transfers In	12,000	0	1,069,256	2,047,293	3,128,549
Operating Transfers Out	(2,224,163)	0	(694,032)	0	(2,918,195)
Total Other Financing Sources (Uses)	<u>\$ 21,617</u>	<u>\$ 0</u>	<u>\$ 1,617,327</u>	<u>\$ 2,047,293</u>	<u>\$ 3,686,237</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</b>					
	\$ 1,978,931	\$ 119,105	\$ (2,651,912)	\$ (216,638)	\$ (770,514)
FUND BALANCES - BEGINNING OF YEAR	8,738,975	1,216,396	4,381,907	398,113	14,735,391
FUND BALANCES-END OF YEAR	<u>\$ 10,717,906</u>	<u>\$ 1,335,501</u>	<u>\$ 1,729,995</u>	<u>\$ 181,475</u>	<u>\$ 13,964,877</u>

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

CITY OF PIKEVILLE, KENTUCKY

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2014

Net change in fund balances - total governmental funds.	\$ (770,514)
Amounts reported for the governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense.	6,365,749
The cost of capital assets is allocated over their useful lives and reported as depreciation expense.	(2,357,808)
The net book value of assets sold	(1,697,687)
Proceeds from Long-Term Debt	(1,242,103)
Bond Issuance, Discount	(2,755)
Bond Issuance Costs	(3,467)
The repayment of debt principal is an expenditure of government funds, but the repayment reduces long-term debt in the statement of net	985,000
Other reconciling items	0
Change in net position of governmental activities	<u>\$ 1,276,415</u>

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

CITY OF PIKEVILLE, KENTUCKY

FUND BALANCE SHEET  
 PROPRIETARY FUNDS  
 June 30, 2014

	Water Fund	Sewer Fund	Gas Fund	Sanitation Fund	Outside Water	Outside Sewer	Utility Deposits	Total
<b>ASSETS</b>								
Cash	\$ 559,444	\$ 409,590	\$ 1,000,799	\$ 331,660	\$ 108,149	\$ 312,613	\$ 0	\$ 2,722,255
Certificates Of Deposit	1,007	330,506	1,272,425	531,037	336,213	378	0	2,471,566
Customer's Accounts Receivable	307,748	134,291	125,514	128,521	93,414	90,614	0	880,102
Prepaid Expenses	23,047	30,678	8,467	24,658	8,924	10,244	0	106,018
Due From Other Funds	0	0	0	0	9,234	3,080	0	12,314
Bond Issuance Cost	40,591	0	0	0	12,685	23,338	0	76,614
Property, Plant and Equipment	6,683,407	7,346,667	491,129	645,413	1,966,470	7,041,832	0	24,174,918
<b>Restricted Assets:</b>								
Cash	40,270	0	0	0	35,516	135,453	113,398	324,637
Certificates of Deposit	0	0	0	0	46,689	98,586	0	145,275
Other Receivables	0	0	0	0	0	0	0	0
<b>TOTAL ASSETS</b>	<b>\$ 7,655,514</b>	<b>\$ 8,251,732</b>	<b>\$ 2,898,334</b>	<b>\$ 1,661,289</b>	<b>\$ 2,617,294</b>	<b>\$ 7,716,138</b>	<b>\$ 113,398</b>	<b>\$ 30,913,699</b>
<b>LIABILITIES AND NET POSITION</b>								
<b>LIABILITIES</b>								
Accounts Payable	\$ 38,277	\$ 20,719	\$ 47,127	\$ 28,437	\$ 5,758	\$ 23,685	\$ 0	\$ 164,003
Accrued Interest	11,256	0	0	0	11,107	45,508	0	67,871
Due To Other Funds	9,234	3,080	0	0	0	0	0	12,314
Current Portion of Long-Term Debt	125,000	0	0	0	27,000	118,110	0	270,110
Customer's Deposits	0	0	0	0	0	0	61,350	61,350
Notes Payable	0	0	0	0	0	407,669	0	407,669
Bonds Payable (Net of Discount)	1,036,526	0	0	0	1,239,794	2,976,459	0	5,252,779
<b>Restricted Liabilities:</b>								
Matured Bonds Payable	0	0	0	0	0	0	0	0
Matured Coupons Payable	0	0	0	0	0	0	0	0
<b>Total Liabilities</b>	<b>\$ 1,220,293</b>	<b>\$ 23,799</b>	<b>\$ 47,127</b>	<b>\$ 28,437</b>	<b>\$ 1,283,659</b>	<b>\$ 3,571,431</b>	<b>\$ 61,350</b>	<b>\$ 6,236,096</b>
<b>NET POSITION</b>								
Invested in capital Assets, net of related debt	\$ 5,521,881	\$ 7,346,667	\$ 491,129	\$ 645,413	\$ 699,676	\$ 3,539,594	\$ 0	\$ 18,244,360
Reserve for Depreciation	0	0	0	0	0	0	0	0
Sinking Fund Reserve	0	0	0	0	15,120	89,840	0	104,960
Reserve for Operation and Maintenance	0	0	0	0	0	0	0	0
Reserve for Revenue Bond Retirement, et al	0	0	0	0	0	0	0	0
Unreserved	913,340	881,266	2,360,078	987,439	618,839	515,273	52,048	6,328,283
<b>Total Net Position</b>	<b>\$ 6,435,221</b>	<b>\$ 8,227,933</b>	<b>\$ 2,851,207</b>	<b>\$ 1,632,852</b>	<b>\$ 1,333,635</b>	<b>\$ 4,144,707</b>	<b>\$ 52,048</b>	<b>\$ 24,677,603</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 7,655,514</b>	<b>\$ 8,251,732</b>	<b>\$ 2,898,334</b>	<b>\$ 1,661,289</b>	<b>\$ 2,617,294</b>	<b>\$ 7,716,138</b>	<b>\$ 113,398</b>	<b>\$ 30,913,699</b>

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

CITY OF PIKEVILLE, KENTUCKY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 For The Fiscal Year Ended June 30, 2014

	Water	Sewer	Gas	Sanitation	Outside Water	Outside Sewer	Utility Deposits	TOTAL
<b>OPERATING REVENUES</b>	\$ 2,635,142	\$ 1,202,166	\$ 1,774,151	\$ 1,335,755	\$ 740,165	\$ 667,079	\$ 0	\$ 8,354,458
<b>OPERATING EXPENSES</b>								
Personnel Costs	\$ 43,558	\$ 19,829	\$ 26,284	\$ 22,460	\$ 12,136	\$ 11,084	\$ 0	\$ 135,351
Gas Purchased	0	0	1,090,459	0	0	0	0	1,090,459
Contractual Services	1,283,363	424,490	508,777	579,649	29,614	184,345	0	3,010,238
Dumping Fees	0	0	0	305,982	0	0	0	305,982
Operational	571,179	221,737	32,467	52,856	651,501	61,091	7,710	1,598,541
Repairs and Maintenance	82,633	101,944	26,152	35,463	62,477	90,242	0	398,911
Bad Debts	(341)	(269)	(589)	(259)	(342)	(277)	0	(2,077)
Depreciation	406,394	391,377	90,720	148,259	76,494	221,764	0	1,335,008
Total Operating Expenses	\$ 2,386,786	\$ 1,159,108	\$ 1,774,270	\$ 1,144,410	\$ 831,880	\$ 568,249	\$ 7,710	\$ 7,872,413
Operating Income (Loss)	\$ 248,356	\$ 43,058	\$ (119)	\$ 191,345	\$ (91,715)	\$ 98,830	\$ (7,710)	\$ 482,045
<b>NONOPERATING INCOME (EXPENSES)</b>								
Royalties	\$ 0	\$ 0	\$ 2,025	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,025
Interest Income	5,484	3,228	10,895	4,066	2,732	2,480	579	29,464
Interest Expense	(119,764)	0	0	0	(27,680)	(86,952)	0	(234,396)
Premium (Discount) on Debt Restructuring	0	0	0	0	0	0	0	0
Gain (Loss) on Disposition of Fixed Assets	(40,822)	(5,188)	0	2,000	0	0	0	(44,010)
Grants	0	368,341	0	0	0	0	0	368,341
Total Nonoperating Income (Expense)	\$ (155,102)	\$ 366,381	\$ 12,920	\$ 6,066	\$ (24,948)	\$ (84,472)	\$ 579	\$ 121,424
NET INCOME (LOSS)(Before Transfers)	\$ 93,254	\$ 409,439	\$ 12,801	\$ 197,411	\$ (116,663)	\$ 14,358	\$ (7,131)	\$ 603,469
<b>TRANSFERS</b>								
Operating Transfers In	\$ 0	\$ 682,031	\$ 0	\$ 0	\$ 20,964	\$ 14,929	\$ 0	\$ 717,924
Operating Transfers (Out)	(24,337)	(747,047)	(4,000)	(4,000)	(4,000)	(144,894)	0	(928,278)
Total Transfers	\$ (24,337)	\$ (65,016)	\$ (4,000)	\$ (4,000)	\$ 16,964	\$ (129,965)	\$ 0	\$ (210,354)
CHANGE IN NET POSITION	\$ 68,917	\$ 344,423	\$ 8,801	\$ 193,411	\$ (99,699)	\$ (115,607)	\$ (7,131)	\$ 393,115
NET POSITION - BEGINNING OF YEAR	\$ 6,366,304	\$ 7,883,540	\$ 2,842,405	\$ 1,439,441	\$ 1,433,334	\$ 4,260,314	\$ 59,179	\$ 24,284,517
Prior Period Adjustment	0	0	0	0	0	0	0	0
NET POSITION - END OF YEAR	\$ 6,435,221	\$ 8,227,963	\$ 2,851,206	\$ 1,632,852	\$ 1,333,635	\$ 4,144,707	\$ 52,048	\$ 24,677,632

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

CITY OF PIKEVILLE, KENTUCKY

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
June 30, 2014

	Water Fund	Sewer Fund	Gas Fund	Sanitation Fund	Outside Water	Outside Sewer	Utility Deposits	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Cash Received from Customers	\$ 2,591,061	\$ 1,157,486	\$ 1,763,668	\$ 1,315,980	\$ 732,819	\$ 660,710	\$ 0	\$ 8,221,724
Cash Received from Other Operating Revenues	71,770	38,637	19,909	8,608	6,476	5,328	0	150,728
Miscellaneous Revenues	0	0	0	0	0	0	0	0
Cash Payments for Personnel Costs	(43,558)	(19,829)	(26,284)	(22,460)	(12,136)	(11,084)	0	(135,351)
Cash Payments for Gas Purchases	0	0	(1,090,459)	0	0	0	0	(1,090,459)
Cash Payments for Contractual Services	(1,283,363)	(424,490)	(508,777)	(579,649)	(540,439)	(184,345)	(5,886)	(3,526,949)
Cash Payments for Other Operating Expenses	(644,632)	(335,188)	(45,071)	(399,888)	(254,922)	(158,038)	0	(1,837,739)
Net Cash Provided by Operating Activities	\$ 691,278	\$ 416,616	\$ 112,986	\$ 322,591	\$ (68,202)	\$ 312,571	\$ (5,886)	\$ 1,781,954
<b>Cash Flows from Non-Capital Financing Activities</b>								
Operating Transfers In	\$ 0	\$ 682,031	\$ 0	\$ 0	\$ 20,964	\$ 14,929	\$ 0	\$ 717,924
Operating Transfers (Out)	(24,337)	(747,047)	(4,000)	(4,000)	(4,000)	(144,894)	0	(928,278)
Proceeds from Asset Dispositions	0	0	199	2,000	0	0	0	2,199
Grants	0	368,341	0	0	0	0	0	368,341
Increase in Amounts Due Other Funds	6,729	3,008	0	0	0	(3,080)	0	6,657
Other	0	(1)	0	0	2	0	0	1
Net Cash Flows from Non-Capital Financing Activities	\$ (17,608)	\$ 306,332	\$ (3,801)	\$ (2,000)	\$ 16,966	\$ (133,045)	\$ 0	\$ 166,844
<b>Cash Flows from Capital Financing Activities</b>								
Interest Expense	\$ (122,327)	\$ 0	\$ 0	\$ 0	\$ (27,437)	\$ (70,093)	\$ 0	\$ (219,857)
Purchase \ Construction of Fixed Assets	(58,459)	(506,948)	(6,119)	(177,488)	0	(30,553)	0	(779,567)
Bond Issuance Costs	4,692	0	0	0	0	0	0	4,692
Retirement of Principal	(1,367,469)	0	0	0	(25,801)	(116,074)	0	(1,509,344)
Net Cash Flows from Capital Financing Activities	\$ (1,543,563)	\$ (506,948)	\$ (6,119)	\$ (177,488)	\$ (53,238)	\$ (216,720)	\$ 0	\$ (2,504,076)
<b>Cash Flows from Investing Activities</b>								
Proceeds From Long-Term Debt	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Discount on Sale of Bonds	0	366	0	0	0	0	0	366
Bond Issuance Costs	0	0	0	0	0	774	0	774
Royalties	0	0	2,025	0	0	0	0	2,025
Interest Income	5,484	3,228	10,895	4,066	2,732	2,480	579	29,464
Net Cash Flows from Investing Activities	\$ 5,484	\$ 3,594	\$ 12,920	\$ 4,066	\$ 2,732	\$ 3,254	\$ 579	\$ 32,629
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (864,409)	\$ 219,594	\$ 115,986	\$ 147,169	\$ (101,742)	\$ (33,940)	\$ (5,307)	\$ (522,649)
Cash and Cash Equivalents at Beginning of Year	1,465,130	520,532	2,157,237	715,528	628,309	580,970	118,705	6,186,411
Cash and Cash Equivalents at End of Year	\$ 600,721	\$ 740,126	\$ 2,273,223	\$ 862,697	\$ 526,567	\$ 547,030	\$ 113,398	\$ 5,663,762
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATING ACTIVITIES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>								
Income (Loss) from Operations	\$ 248,356	\$ 43,058	\$ (119)	\$ 191,345	\$ (91,715)	\$ 98,830	\$ (7,710)	\$ 482,045
<b>Adjustments to Reconcile Income From Operations to Net Cash Provided by Operating Activities:</b>								
Depreciation and Amortization	406,394	391,377	90,720	148,259	76,494	221,764	0	1,335,008
(Increase) Decrease in Customer Accounts Receivable	(17,864)	(6,312)	9,871	(11,426)	(1,212)	(1,318)	0	(28,261)
(Increase) Decrease in Prepaid Expenses	1,289	(12,658)	(1,034)	(3,100)	(1,045)	(3,398)	0	(19,946)
(Increase) Decrease in Due From Other Funds	45,212	14,559	(99)	0	(6,924)	0	0	52,748
Increase (Decrease) in Accounts Payable	7,891	(13,408)	13,647	(2,411)	1,412	11,291	0	18,422
Increase (Decrease) in Accrued Expenses	0	0	0	0	0	0	0	0
Increase (Decrease) in Due To Other Funds	0	0	0	(76)	(45,212)	(14,598)	0	(59,886)
Increase (Decrease) in Customer Deposits	0	0	0	0	0	0	1,824	1,824
Net Cash Provided by Operating Activities	\$ 691,278	\$ 416,616	\$ 112,986	\$ 322,591	\$ (68,202)	\$ 312,571	\$ (5,886)	\$ 1,781,954
<b>Noncash Investing, Capital, and Financing Activities:</b>								
Amortization of Bond Discount/Premium	\$ 2,592	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,592
Total Noncash Investing, Capital, and Financing Activities	\$ 2,592	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,592

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

CITY OF PIKEVILLE, KENTUCKY

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2014

	SOAR
<b>ASSETS</b>	
Accounts Receivable	\$ 5,000
<b>TOTAL ASSETS</b>	<u>\$ 5,000</u>
 <b>LIABILITIES AND FUND BALANCE</b>	
Accounts Payable	\$ 0
<b>TOTAL LIABILITIES</b>	<u>\$ 0</u>
 Nete Postion Held In Trust	 5,000
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <u>\$ 5,000</u>

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

CITY OF PIKEVILLE, KENTUCKY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
June 30, 2014

	<u>SOAR</u>
ADDITIONS	
Grant	\$ 5,000
Total Additions and Change in Net Position	<u>\$ 5,000</u>
NET POSITION	
Beginning of Year	0
End of Year	<u><u>\$ 5,000</u></u>

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

SMG FOOD AND BEVERAGE LLC  
 Agent for the City of Pikeville, Kentucky  
 and the Eastern Kentucky Exposition Center Corporation

Balance Sheet  
 June 30, 2014

ASSETS

Current Assets

Cash on Hand and In Bank	\$ 124,574
Accounts receivable - Trade	59,700
Allowance For Bad Debts	(2,200)
Accounts receivable - Other	12,193
Inventories	56,630
Prepaid Expenses	15,254
Total Current Assets	<u>\$ 266,151</u>

Total Assets	<u><u>\$ 266,151</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 81,449
Accounts Payable - Other	14,988
Accrued Wages	11,639
Accrued Expenses	12,589
Advance Outlet Sales	0
Advance Deposits	550
Deferred Income	118,372
Total Current Liabilities	<u>\$ 239,587</u>

Members' Equity

Contributed Capital:		
Eastern Kentucky Exposition Center Corporation	2,470,861	
City of Pikeville, Kentucky	3,129,367	
Members' Equity	<u>(5,573,664)</u>	
Total Members' Equity		<u>\$ 26,564</u>
Total Liabilities and Members' Equity		<u><u>\$ 266,151</u></u>

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

## SMG FOOD AND BEVERAGE LLC

## STATEMENT OF INCOME AND CHANGES IN MEMBERS' EQUITY

For the Year Ended June 30, 2014

Variance  
Favorable  
(Unfavorable)

	Final Budget		
<b>REVENUES</b>			
Rental	\$ 282,750	\$ 212,931	\$ (69,819)
Food and Beverage Concessions	396,767	236,749	(160,018)
Food and Beverage Catering	306,467	332,385	25,918
Novelty & Other Sales	427,940	156,275	(271,665)
Club Seating	15,000	8,875	(6,125)
Advertising and Sponsorship	230,000	249,916	19,916
Tickets	214,403	97,905	(116,498)
Miscellaneous Income	652,658	497,547	(155,111)
<b>TOTAL REVENUE</b>	<u>\$ 2,525,985</u>	<u>\$ 1,792,583</u>	<u>\$ (733,402)</u>
<b>Cost of Good Sold</b>			
Catering	\$ 0	\$ 13,202	\$ (13,202)
Production Materials	0	(3,669)	3,669
Food / Beverage / other - Concessions	105,127	61,062	44,065
Direct Labor - Concessions	88,322	48,951	39,371
Other Direct Costs - Concessions	38,360	42,048	(3,688)
Food / Beverage / other - Catering	102,587	127,040	(24,453)
Direct Labor - Catering	79,659	76,395	3,264
Other Direct Costs - Catering	1,200	20,143	(18,943)
Novelty and Costs of Other Sales	376,587	8,846	367,741
Direct Labor - Novelty	0	8,824	(8,824)
Promoter Share	0	115,706	(115,706)
Ticket Service Charge Expense	0	0	0
Other event costs	680,347	334,887	345,460
<b>Total Cost of Goods Sold</b>	<u>\$ 1,472,190</u>	<u>\$ 853,435</u>	<u>\$ 618,755</u>
<b>Gross Profit</b>	<u>\$ 1,053,795</u>	<u>\$ 939,148</u>	<u>\$ (114,647)</u>
<b>OPERATING EXPENSES</b>			
Personnel Costs	\$ 798,780	\$ 771,135	\$ 27,645
Contractual Service	17,500	75,621	(58,121)
Professional Services	11,460	13,764	(2,304)
Operational	99,852	305,257	(205,405)
Insurance	40,000	35,231	4,769
Advertising	6,000	(962)	6,962
Repairs and Maintenance	128,400	104,252	24,148
Supplies	82,350	78,275	4,075
Utilities	346,500	332,666	13,834
Management Fee	181,938	178,565	3,373
<b>Total Operating Expenses</b>	<u>\$ 1,712,780</u>	<u>\$ 1,893,804</u>	<u>\$ (181,024)</u>
<b>Operating Income (Loss)</b>	<u>\$ (658,985)</u>	<u>\$ (954,656)</u>	<u>\$ (295,671)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income	\$ 500	\$ 414	\$ (86)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>\$ 500</u>	<u>\$ 414</u>	<u>\$ (86)</u>
<b>NET INCOME (LOSS)</b>	<u>\$ (658,485)</u>	<u>\$ (954,242)</u>	<u>\$ (295,757)</u>
<b>MEMBERS EQUITY</b>			
Beginning of Year		(74,438)	
Contributions from the City of Pikeville		1,055,244	
End of Year		<u>\$ 26,564</u>	

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

SMG FOOD AND BEVERAGE LLC

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2014

Cash Flows from Operating Activities:

Net Income \$ (954,656)

Adjustments to Reconcile Net Income to Net Cash Provided

By Operating Activities:

Allowance For Doubtful Accounts (500)

(Increase) Decrease in:

Accounts receivable - Trade (30,825)

Accounts receivable - Other 13,939

Inventory (4,797)

Prepaid Expenses (4,003)

Increase (Decrease) in:

Accounts Payable (3,061)

Accounts Payable - Other 6,626

Accrued Wages (7,013)

Accrued Expenses (28,020)

Advance Outlet Sales (12,436)

Advance Deposits (2,250)

Deferred Income (6,857)

Net Cash Provided By Operating Activities \$ (1,033,853)

Cash Flows From Investing Activities

Interest Income \$ 414

Net Cash Flows From Investing Activities 414

Cash Flow From Financing Activities

Contributions from the City of Pikeville \$ 1,055,244

Net Cash Used By Financing Activities 1,055,244

Net Increase In Cash \$ 21,805

Cash At Beginning of Year 102,769

Cash At End of Year \$ 124,574

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Pikeville was established by Charter on June 5<sup>th</sup> 1893.

The City of Pikeville, Kentucky (City) operates under a Council-Manager form of government with four commissioners and a mayor. The mayor serves a four year term and the commissioners serve a two year term.

The City provides the following services as authorized by its charter: public safety (police and fire), highway and streets, water, sewer, gas, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Proprietary funds apply Financial Accounting Standards Boards (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The more significant of the City's accounting policies are described below.

1 – Related Organizations

The accounts of the related entities listed below are not included because these entities are autonomous agencies operating independently from the City. Their elected or appointed board contracts independently for audits of their financial statements.

Pikeville Independent School Board	Swim Team Board
Pikeville Housing Authority	Park Board
Pikeville/Pike County Public Library	Pikeville/Pike County/Elkhorn City Joint
Industrial Development and Economic Authority (IDEA)	Planning Commission
Pikeville Main Street Program, Inc.	Hillbilly Days Board
Historic Preservation Board	Zoning Board
Pike TV, Inc.	Pikeville/Pike County Museum Board

2 – Government-Wide and Fund Financial Statements

*a) Government-wide Financial Statements*

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities. The primary governments are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2 – Government-Wide and Fund Financial Statements (concluded)

*b) Fund Financial Statements*

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

3. Measurement Focus, Basis of Accounting, and financial statement Presentation

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments. Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property taxes, franchise taxes (fees), and hotel/motel taxes. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Likewise, fund balances that are committed or assigned would be used first for their approved purposes and unassigned fund balances would be used as needed.

4 - Fund Types and Major Funds

The City reports the following major funds:

*a) Governmental Funds*

*General Fund* - the General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

*Projects Control* - are used to account for the construction of major capital facilities (other than those financed by proprietary funds). Principal sources of revenue are grants, City funding, and municipal long-term debt proceeds and interest income.

*Debt Service Fund Types* – accounts for funds used to pay debt service costs. Principal sources of revenue are City funding and interest income.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4 - Fund Types and Major Funds

*b) Proprietary Funds*

The City reports the following major enterprise funds:

*Water* – accounts for the operating activities of the City’s water utilities service.

*Sewer* – accounts for the operating activities of the City’s sewer utilities service.

*Gas* – accounts for the operating activities of the City’s natural gas utilities service.

*Sanitation* – accounts for the operating activities of the City’s garbage collection service.

*Outside Water* – accounts for the operating activities of the City’s water utilities service to customers who are located outside the city limits.

*Outside Sewer* – accounts for the operating activities of the City’s sewer utilities service to customers who are located outside the city limits.

*c) Other Fund Types*

The City also reports the following fund type:

*Agency* – report fiduciary resources held by the City in a custodial capacity as an agent on behalf of others. The City’s agency fund is used to account for various deposits.

5 – Component Units

In accordance with GASB Statements No. 14, *The Financial Reporting Entity* and No. 39, *Determining Whether Certain Organizations Are Component Units*, as amended, the City has included in its financial statements the departments the primary government along with its discretely presented Component Unit.

The Component Unit column in the government-wide financial statements includes the financial data of the City’s discretely presented component unit. It is reported in a separate column to emphasize that they are legally separate from the City. The following Component Unit is included in the reporting entity because the primary government is financially accountable for and is able to impose its will on the organization.

The discretely presented component unit has a June 30 fiscal year end.

SMG Food and Beverage, LLC is a legally separate entity that operates the East Kentucky Exposition Center (Expo Center). It is shown as a discretely presented component unit because

- a. City is under contract with the Eastern Kentucky Exposition Center Corporation Board to operate it,
- b. City enacted a restaurant tax to support the Expo Center,
- c. The Expo Center receives oversight from the City of Pikeville Commission.

The complete financials of the SMG Food and Beverage, LLC can be requested.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6 - Fixed Assets

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective fund financial statements. Donated assets are stated at fair value on the date donated. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

The City has complied with GASB 34 and included certain infrastructure assets in the government-wide financial statements. A listing of streets and their respective length, in feet, were provided by the city engineer with an estimated replacement cost per foot. The weighted-average age of the streets were used to determine the date in which to book the streets. The replacement cost per foot was discounted back to that date and applied to the Accumulated depreciation is calculated from that date to present. Also, the City's bridges were booked using same method on a "per square foot" basis.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increase (revenues) and decrease (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Utility plant	40 years
Machinery and Equipment	5-10 years

7 - Budgets and Budgetary Accounting

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

- a) In accordance with the City Charter, prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with actual for the current year and prior year budget. The City Charter requires that the budget be submitted in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level.
- b) Public hearings are conducted to obtain taxpayer comment.
- c) Prior to June 30, the budget is to be legally enacted through passage of an ordinance.
- d) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund, and Enterprise Funds.
- e) Budgets for the General, Debt Service, Special Revenue Funds, and Enterprise Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- f) Appropriations lapse at the end of each fiscal year.
- g) The City Council may authorize supplemental appropriations during the year.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8 - Investments Policy

With prior approval of the Mayor and City Commission the Finance Director may invest in obligations of the United States and its agencies and instrumentality.

Without prior approval of the Mayor and City Commission the Finance Director may invest in certificates of deposit issued by or other-interest bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations permitted by section 41.240(4) of the Kentucky Revised Statutes.

For the current fiscal year the City invested only in certificates of deposit and savings accounts. Investments are stated at cost or amortized cost approximates market.

9 - Restricted Assets

These assets consist of cash and short-term investments restricted for debt service.

10 - Reserves

The City records reserves to indicate that a portion of the retained earnings and fund balance is legally segregated for a specific future use. Following is a description of each reserve used by the City and a list of all reserves:

***Reserve for Debt Service*** - An account used to segregate a portion of fund balance for debt service resources restricted to accumulate to the maximum amount of principal and interest that will become due in any subsequent twelve-month period per the bond covenants.

***Reserve for Operation and Maintenance*** - An account used to segregate a portion of fund balance restricted for operating and maintaining the system. The reserve reflects amounts accumulated to a balance specified in the bond covenant.

***Reserve for Sinking Fund*** - An account used to segregate a portion of fund balance for debt service resources restricted to the payment of long-term debt principal and interest amounts maturing in future years when sufficient amounts are not reserved in bond debt service accounts.

***Reserve for depreciation*** - An account used to segregate a portion of fund balance for amortization of capital expenditures as required per bond covenant.

***Reserve for Prior Sinking Fund*** - Per Bond ordinance for "City of Pikeville Water and Sewer System Revenue Bonds, Series 2007." Amount transferred from the revenue fund and deposited as required by prior bond ordinance.

CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10 – Reserves (Concluded)

	<u>2014</u>	<u>2013</u>
<u>A) Water-Sewer Fund</u>		
<u>B) Gas Fund</u>		
<u>C) Sewer Fund</u>		
<u>D) Outside Water</u>		
Taxable Series 2010S-2	\$ 15,120	\$ 11,340
<u>E) Outside Sewer</u>		
Reserve for Sinking Fund		
Taxable Series 2010S-1	\$ 24,720	\$ 18,540
Taxable Series 2010S-2	15,120	11,340
KIA Loan # A00-03	<u>50,000</u>	<u>50,000</u>
Total Outside Sewer	<u>\$ 89,840</u>	<u>\$ 79,880</u>
Total Reserve for Sinking Fund E	<u>\$ 104,960</u>	<u>\$ 91,220</u>

Reserve Funding:

	<u>Required Reserves</u>	<u>Cash Reserves</u>	<u>Over (Under) Funded</u>
A) Water-Sewer Fund	\$ 0	\$ 0	\$ 0
B) Gas Fund	0	0	0
C) Sewer Fund	0	0	0
D) Outside Water	15,120	46,689	31,569
E) Outside Sewer	<u>89,840</u>	<u>150,752</u>	<u>60,912</u>
	<u>\$ 104,960</u>	<u>\$ 197,441</u>	<u>\$ 92,481</u>

CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11 - Revenue Recognition - Property Taxes

The City's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for both real and personal property located in the City. The City adopts the county assessment of property situated within the city limits, for both real and personal property. The assessed value of the roll, upon which the levy for 2014 fiscal year was based, was \$440,719,296 real and \$87,810,961 tangible.

The tax rates assessed for the year ended June 30, 2014 were \$.150 per \$100 valuation for real estate and \$.150 per \$100 valuation for tangible personal property.

Taxes are due on November 1 and become delinquent by February 1 following the October 1 levy date. Current tax collections for the year ended June 30, 2014 were 98.400% of the tax levy. Property taxes on vehicles are assessed at January 1, and are billed when the vehicle is licensed. These funds are collected by the Pike County Court Clerk and remitted to the City. These amounts were not used in computing the above percentage.

All property tax revenues are recognized and recorded when they become measurable and available. Available means due, or past due and receivable within the current period and collected no longer than sixty days after the close of the current period.

Property taxes receivable as of June 30, 2014 and 2013 are composed of the following:

Year of Levy	2014 Amount	2013 Amount
2013	\$ 11,789	\$ 0
2012	9,397	12,626
2011	7,600	8,109
2010	5,812	5,924
2009	4,828	4,869
2008	4,057	4,483
2007	3,680	4,090
2006	3,949	4,326
2005	4,122	4,991
2004	5,930	6,268
2003	4,593	5,127
2002	5,254	5,297
2001	2,830	3,067
2000	6,216	6,264
1999	5,497	5,502
1998	5,660	5,704
1997	0	8,424
	\$ 91,214	\$ 95,071
Less: Allowance for doubtful accounts	73,741	73,728
Net Property Taxes Receivable	\$ 17,473	\$ 21,343

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)12 - Receivables - Proprietary Funds

Receivables are recorded at net realizable value. Net realizable value is equal to gross receivables less an allowance for uncollectable accounts.

<u>2014</u>	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Outside Water</u>	<u>Outside Sewer</u>	<u>TOTAL</u>
Total Accounts Receivable	\$ 127,981	\$ 313,461	\$ 136,996	\$ 130,644	\$ 95,354	\$ 92,547	\$ 896,983
Less: Allowance for							
Doubtfull Accounts	<u>2,467</u>	<u>5,713</u>	<u>2,705</u>	<u>2,123</u>	<u>1,940</u>	<u>1,933</u>	<u>16,881</u>
Net Receivables	<u>\$ 125,514</u>	<u>\$ 307,748</u>	<u>\$ 134,291</u>	<u>\$ 128,521</u>	<u>\$ 93,414</u>	<u>\$ 90,614</u>	<u>\$ 880,102</u>

<u>2013</u>	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Outside Water</u>	<u>Outside Sewer</u>	<u>TOTAL</u>
Total Accounts Receivable	\$ 138,441	\$ 295,938	\$ 130,953	\$ 119,477	\$ 94,484	\$ 91,506	\$ 870,799
Less: Allowance for							
Doubtfull Accounts	<u>3,056</u>	<u>6,054</u>	<u>2,974</u>	<u>2,382</u>	<u>2,282</u>	<u>2,210</u>	<u>18,958</u>
Net Receivables	<u>\$ 135,385</u>	<u>\$ 289,884</u>	<u>\$ 127,979</u>	<u>\$ 117,095</u>	<u>\$ 92,202</u>	<u>\$ 89,296</u>	<u>\$ 851,841</u>

13 - Compensated Absences

City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is entitled to receive accrued vacation but not accrued sick leave. Accumulated vacation pay at June 30, 2014 and 2013, respectively was \$54,309 and \$72,800.

14 - Statement of Cash Flows

For purposes of the Statement of Cash Flows; the Gas Fund, Water and Sewer Fund, and the Sanitation Fund; all highly liquid investments (including restricted assets) were considered to be cash equivalents. Highly liquid investments are defined as investments that (a) are readily convertible to known amounts of cash and/or (b) are near to their maturity that they present insignificant risk of changes in value because of changes in interest rates.

15- Utility Deposits

The City requires a deposit be made before services will be provided for those customers who are tenants. Those deposits are for gas (\$75.00) and water (\$25.00). When the customer has services disconnected the deposit plus interest accrued is applied to their last bill and the remainder being refunded. Interest is accrued at the rate of 6.0 % per annually.

16 – Prepaid Expenses

Certain payments to vendors reflects costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

17. Long-term Debt and Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the outstanding interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources or other financing uses, respectively, and issuance costs are reported as debt service expenditures.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

18 - Fund Balances

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is classified, rescinded or modified pursuant to ordinances passed by City Commission, City's highest level of decision making authority.
- Assigned – includes amounts that City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Amounts may be assigned by the Finance Director under the authorization of the Mayor's Office.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. City reports all amounts that meet the unrestricted General Fund Balance Policy as unassigned.

NOTE B – DEFERRED OUTFLOW OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

In June of 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement provides financial reporting guidance for deferred outflows of resources, which are consumptions of net position by the government that is applicable to a future reporting period and deferred inflows of resources which are acquisitions of net position by the government that is applicable to a future reporting period.

Statement No. 63 amends the net asset reporting requirements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The adoption of Statement No. 63 resulted in a change in the presentation of the *Statement of Net Assets* to what is now referred to as the *Statement of Net Position* and the term "net assets" is changed to "net position" throughout the financial statements. Statement No. 63 also amends the reporting of the "net investment in capital assets" component of net position. This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are now required to be included in this component of net position.

In March of 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE C - LONG-TERM DEBT

The following is a summary of bonds and notes payable of the City for the year ended June 30, 2014.

CHANGES IN LONG-TERM DEBT:

<u>DESCRIPTION</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Obligation Bonds	\$ 6,600,000	\$ 0	\$ 1,140,000	\$ 5,460,000
Plus: Premium	18,436	0	1,910	16,526
Less: Discount	(21,442)	0	(695)	(20,747)
Revenue Bonds	4,533,500	0	1,305,000	3,228,500
Less: Discount	(9,441)	0	(9,441)	0
Notes Payable	523,849	1,242,103	57,570	1,708,382
Total	<u>\$ 11,644,902</u>	<u>\$ 1,242,103</u>	<u>\$ 2,494,344</u>	<u>\$ 10,392,661</u>

N/P = Note Payable CL = Capitalized Lease

CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE C - LONG-TERM DEBT (Continued)

Bonds and Notes Payable as June 30, 2014 are comprised of the following:

General Obligation Bonds

\$1,440,000 Series 2003 maturing through 2018, with interest at 3.100% Maturing in June 2018 and is secured by system revenues. Payments in the amount of \$7,052.50 (2015), \$117,052.50 (2015) and \$7,347.50 (2016) and \$115,347.50 (2016). \$ 455,000

Community Trust Bank, Inc. \$535,000 Series 2010N-2 - Taxable (Texasroad House) maturing through December 2015, with interest at 7%, with the balance of principal due December 1, 2015. This loan is unsecured. 0

Community Trust Bank, Inc. \$465,000 Series 2010N-1 - Non Taxable (Texasroad House) maturing through December 2015, with interest at 5.495%, with the balance of principal due December 1, 2015. This loan is unsecured. 0

Bank of New York \$3,025,000 Series 2012A (Jenny Wiley) with varying interest of 0.60% to 3.125% which is an effective rate of 2.9%, with the balance of principal due April 1, 2032. This loan is secured by system revenues. Payments due are \$32,413.13 (2015); \$162,413.13 (2015); \$31,763.13 (2016) and \$161,173.13 (2015). 2,765,000

Bank of New York \$1,170,000 Series 2012B (Refinancing), with varying interest of 0.90% to 4.00% with the balance of principal due January 1, 2042. This loan is secured by system revenues. Payments due are \$47,407.50 (2015); \$17,272.50 (2015); \$47,272.50 (2016) and \$17,017.50 (2016). 1,095,000

Bank of New York \$1,405,000 Series 2012C (Refinancing) maturing though January 1, 2023, with varying interest of 1.00% to 2.250% with the balance of principal due January 1, 2023. This loan is secured property taxes. Payments due are \$136,881.25 (2014); \$11,256.25 (2014); \$140,631.25 (2015) and \$10,631.25 (2015). 1,145,000

Total General Obligation Bonds \$ 5,460,000

Plus: Premiums 16,526

Less: Discounts (20,747)

Net General Obligation Bonds Payable \$ 5,455,779

CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE C - LONG-TERM DEBT (Continued)

Revenue Bonds

\$1,635,000 General Obligation Bonds, Series 2010 maturing through February 1, 2021, with interest at 2.91%.	\$ 0
USDA Rural Development \$1,500,000 Build America Bonds, Taxable Series 2010S-1 maturing through January 1, 2050, with interest at 2.25%. Payments of \$16,329.38 (2015); \$41,829.38 (2015); \$16,042.50 (2016) and \$42,042.50 (2016).	1,451,500
USDA Rural Development \$1,837,000 Build America Bonds, Taxable Series 2010S-2 maturing through January 1, 2050, with interest at 2.50%. Payments in the amount of \$22,212.50 (2015); \$53,212.50 (2015); \$21,825.00 (2016) and \$53,825.00 (2016).	1,777,000
Total Revenue Bonds	<u>\$ 3,228,500</u>
Less: Discounts	0
Net Revenue Bonds Payable	<u>\$ 3,228,500</u>
<b>Total Bonds Payable</b>	<u><b>\$ 8,684,279</b></u>

Notes Payable and Capital Leases

KENTUCKY INFRASTRUCTURE AUTHORITY – This loan in the amount of \$848,416.47 was assumed from the Mountain Water District when the City assumed operation of the Mossy Bottom Sewage System. The loan is for a term of 14.5 years, at an interest rate of 1.80%, with the last installment due in December 2021 and is secured by system revenues. Semi Annual Payments due are \$33,836.50 (2015); \$33,807.32 (2015); \$33,777.90 (2016) and \$33,748.18 (2016).	466,279
COMMUNITY TRUST BANK - Fire station construction loan in the amount of \$900,000 with a term of four (4) years with a rate of 3.14%, payments of \$5,055.00 to be made monthly with the first payment due on October 25, 2014 and the last installment due on September 25, 2018 to include unpaid principal (\$768,214.16) plus interest. Total monthly payments due in 2015 are \$40,437.52, 2016 are \$60,656.28 and 2017 are \$60,656.28 of principal and interest .	742,103
US Bank - Riverfill Seating construction in the amount of \$500,000 with a term of five years with a rate of 2.85% to paid semi-annually with the first payment due December 1, 2014 and the last payment due on December 1, 2018. December payments are to be \$100,000 principal plus interest with interest only payments due in June. Payments due in 2015 of \$109,643.15 and \$5,700.00 and in 2016 of \$105,700 and \$4,275.00.	500,000
Total \$	<u><u>10,392,661</u></u>

CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE C - LONG-TERM DEBT (Continued)

CURRENT MATURITIES

The maturities of the Bonds Payable are as follows:

Principal Portion

	General Obligation	Revenue Bonds			Total
		Water	Outside Sewer	Outside Water	
2015	\$ 240,000	\$ 125,000	\$ 59,500	\$ 27,000	\$ 451,500
2016	240,000	130,000	61,100	26,900	458,000
2017	250,000	130,000	61,150	27,850	469,000
2018	255,000	135,000	62,650	28,350	481,000
2019	135,000	140,000	63,650	28,850	367,500
2020-2024	720,000	485,000	349,900	155,600	1,710,500
2025-2029	825,000	0	402,200	178,300	1,405,500
2030-2034	555,000	0	449,950	204,050	1,209,000
2035-2039	0	0	505,550	239,950	745,500
2040-2044	0	0	488,250	151,250	639,500
2045-2050	0	0	450,250	171,250	621,500
2051-2054	0	0	95,250	34,750	130,000
	<u>\$ 3,220,000</u>	<u>\$ 1,145,000</u>	<u>\$ 3,049,400</u>	<u>\$ 1,274,100</u>	<u>\$ 8,688,500</u>

Interest Portion

	General Obligation Bonds	Revenue Bonds			Total
		Water	Outside Sewer	Outside Water	
2015	\$ 78,931	\$ 22,513	\$ 111,899	\$ 34,255	\$ 247,598
2016	74,221	21,263	110,280	33,764	239,528
2017	69,511	18,663	108,385	33,179	229,738
2018	63,921	16,063	106,466	32,575	219,025
2019	57,839	13,363	104,500	31,960	207,662
2020-2024	245,430	24,063	339,991	149,317	758,801
2025-2029	155,438	0	293,005	127,456	575,899
2030-2034	34,775	0	238,222	101,003	374,000
2035-2039	0	0	171,630	67,864	239,494
2040-2044	0	0	99,629	37,281	136,910
2045-2049	0	0	43,343	17,400	60,743
2050-2054	0	0	2,230	869	3,099
Total	<u>\$ 780,066</u>	<u>\$ 115,928</u>	<u>\$ 1,729,580</u>	<u>\$ 666,923</u>	<u>\$ 3,292,497</u>

CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE C - LONG-TERM DEBT (Concluded)

CURRENT MATURITIES

The maturities of the Notes Payable and Capital Leases are as follows:

	<u>General Long- Term Debt</u>	<u>Proprietary Funds</u>	<u>Total Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 121,796	\$ 58,610	\$ 180,406	\$ 42,115	\$ 222,521
2016	133,561	59,670	193,231	44,141	237,372
2017	134,630	60,749	195,379	39,143	234,522
2018	135,733	61,847	197,580	34,092	231,672
2019	716,383	62,965	779,348	9,244	788,592
2020-2024	0	162,438	162,438	4,412	166,850
2025-2029	0	0	0	0	0
Total	<u>\$ 1,242,103</u>	<u>\$ 466,279</u>	<u>\$ 1,708,382</u>	<u>\$ 173,147</u>	<u>\$1,881,529</u>

NOTE D - LEASE COMMITMENTS

Eastern Kentucky Exposition Center Corporation - A 99 year lease of the Eastern Kentucky Exposition Center for \$1 per year with the right to terminate the lease upon the City giving the EKECC a one year notice.

PITNEY BOWES - A three year lease for a postage machines for city hall, fire station and the police station. Quarterly payments are in the amounts of \$892.50, \$138.00 and \$138.00. Lease is cancelable by either party upon ninety days written notice.

Dilco Development Company - leases the Dils Cemetery located adjacent to the Pikeville Bypass Road and Chloe Creek Road for \$1.00 per year. The lease is for a term of fifteen years, automatically renewed for successive one-year terms under the same terms and conditions, termination can be by either party upon giving 180 days' notice prior to the end of the term.

Appalachian News-Express - lease property on second to construct public seating area with tables and chairs for consideration of \$1 and full of terms of lease starting June 30, 2014 and renew for successive one year terms unless either party notifies the other in writing of its intent not to renew 30 days prior to the expiration.

Jubilee Christian Assembly of God, Inc. - A twenty year lease of land to be used as a boat ramp and parking. Payments are in the amount of \$1 and the agreement to seal the church's parking lot every two years for ten years.

The related future minimum lease payments are as follows:

	<u>Payments</u>
2014	1,701
2015	4,676
2016	4,676
2017	4,676
2018	4,676
2019-2023	2,389
2024-2028	5
	<u>\$ 22,798</u>

CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE E – CHANGES IN CAPITAL ASSETS

The following is a summary of changes in the Capital Assets as of June 30, 2014.

CHANGES IN FIXED ASSETS – GOVERNMENTAL ACTIVITIES

ASSETS

Description	Beginning			Ending Cost
	Cost	Additions	Deletions	
Property, Plant, and Equipment	\$ 23,902,937	\$ 861,568	\$ 452,793	\$ 24,311,712
Land	13,452,650	410,039	1,331,754	12,530,935
Vehicles	4,476,359	282,797	93,192	4,665,964
Equipment	4,007,238	261,633	177,938	4,090,933
Infrastructure	44,063,205	169,541	0	44,232,746
Construction In Progress	1,075,626	4,605,234	198,994	5,481,866
TOTALS	<u>\$ 90,978,015</u>	<u>\$ 6,590,812</u>	<u>\$ 2,254,671</u>	<u>\$ 95,314,156</u>

ACCUMULATED DEPRECIATION

Description	Beginning	Current	Deletions	Ending
	Balance	Provisions		Balance
Property, Plant, and Equipment	\$ 8,546,059	\$ 637,432	\$ 102,302	\$ 9,081,189
Vehicles	3,598,586	339,487	86,853	3,851,220
Equipment	2,913,239	267,346	168,836	3,011,749
Infrastructure	27,274,516	1,113,543	0	28,388,059
TOTALS	<u>\$ 42,332,400</u>	<u>\$ 2,357,808</u>	<u>\$ 357,991</u>	<u>\$ 44,332,217</u>
NET FIXED ASSETS	<u>\$ 48,645,615</u>			<u>\$ 50,981,939</u>

Depreciation expense was charged to Governmental Activities

General Government	\$ 621,358
Public Safety	304,612
Streets	1,266,005
Recreation and Parks	165,833
Total Depreciation Expense Governmental Activities	<u>\$ 2,357,808</u>

CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE F - PROPRIETARY FUNDS PROPERTY, PLANT AND EQUIPMENT

The following is a summary of the Property, Plant and Equipment of the Enterprise Funds as of June 30, 2014.

CHANGES IN FIXED ASSETS - GAS FUND

ASSETS

Description	Beginning Cost	Additions	Deletions	Ending Cost
Land	\$ 138,000	\$ 0	\$ 0	\$ 138,000
Plant and Distribution System	2,200,212	0	0	2,200,212
Equipment	240,954	6,119	28,583	218,490
Vehicles	188,185	0	0	188,185
TOTALS	\$ 2,767,351	\$ 6,119	\$ 28,583	\$ 2,744,887

ACCUMULATED DEPRECIATION

Description	Beginning Balance	Current Provisions	Deletions	Ending Balance
Plant and Distribution System	\$ 1,883,051	\$ 58,353	\$ 0	\$ 1,941,404
Equipment	221,419	11,682	28,384	204,717
Vehicles	86,952	20,685	0	107,637
TOTALS	\$ 2,191,422	\$ 90,720	\$ 28,384	\$ 2,253,758
NET FIXED ASSETS	\$ 575,929			\$ 491,129

CHANGES IN FIXED ASSETS - WATER

ASSETS

Description	Beginning Cost	Additions	Deletions	Ending Cost
Plant and Distribution System	\$ 16,570,658	\$ 8,468	\$ 254,652	\$ 16,324,474
Equipment	572,162	0	146,043	426,119
Vehicles	153,680	49,991	0	203,671
Construction in Process	0	0	0	0
TOTALS	\$ 17,296,500	\$ 58,459	\$ 400,695	\$ 16,954,264

ACCUMULATED DEPRECIATION

Description	Beginning Balance	Current Provisions	Deletions	Ending Balance
Plant and Distribution System	\$ 9,535,690	\$ 381,191	\$ 213,830	\$ 9,703,051
Equipment	536,020	17,485	146,043	407,462
Vehicles	152,626	7,718	0	160,344
TOTALS	\$ 10,224,336	\$ 406,394	\$ 359,873	\$ 10,270,857
NET FIXED ASSETS	\$ 7,072,164			\$ 6,683,407

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE F - PROPRIETARY FUNDS PROPERTY, PLANT AND EQUIPMENT (Continued)CHANGES IN FIXED ASSETS – SEWERASSETS

Description	Beginning Cost	Additions	Deletions	Ending Cost
Plant and Distribution System	\$ 15,559,166	\$ 320,679	\$ 30,096	\$ 15,849,749
Equipment	325,105	66,594	50,253	341,446
Vehicles	143,567	0	0	143,567
Construction In Progress	272,098	289,099	169,424	391,773
TOTALS	<u>\$ 16,299,936</u>	<u>\$ 676,372</u>	<u>\$ 249,773</u>	<u>\$ 16,726,535</u>

ACCUMULATED DEPRECIATION

Description	Beginning Balance	Current Provisions	Deletions	Ending Balance
Plant and Distribution System	\$ 8,679,036	\$ 336,949	\$ 24,543	\$ 8,991,442
Equipment	268,696	39,923	50,253	258,366
Vehicles	115,555	14,505	0	130,060
TOTALS	<u>\$ 9,063,287</u>	<u>\$ 391,377</u>	<u>\$ 74,796</u>	<u>\$ 9,379,868</u>
NET FIXED ASSETS	<u>\$ 7,236,649</u>			<u>\$ 7,346,667</u>

CHANGES IN FIXED ASSETS - SANITATIONASSETS

Description	Beginning Cost	Additions	Deletions	Ending Cost
Property and Plant	\$ 173,429	\$ 0	\$ 0	\$ 173,429
Equipment	389,330	21,557	2,850	408,037
Vehicles	1,226,042	155,931	86,448	1,295,525
TOTALS	<u>\$ 1,788,801</u>	<u>\$ 177,488</u>	<u>\$ 89,298</u>	<u>\$ 1,876,991</u>

ACCUMULATED DEPRECIATION

Description	Beginning Balance	Current Provisions	Deletions	Ending Balance
Property and Plant	\$ 70,217	\$ 6,788	\$ 0	\$ 77,005
Equipment	259,142	43,389	2,850	299,681
Vehicles	843,258	98,082	86,448	854,892
TOTALS	<u>\$ 1,172,617</u>	<u>\$ 148,259</u>	<u>\$ 89,298</u>	<u>\$ 1,231,578</u>
NET FIXED ASSETS	<u>\$ 616,184</u>			<u>\$ 645,413</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE F - PROPRIETARY FUNDS PROPERTY, PLANT AND EQUIPMENT (Concluded)CHANGES IN FIXED ASSETS – OUTSIDE WATER

## ASSETS

Description	Beginning	Additions	Deletions	Ending Cost
Distribution System	\$ 2,131,766	\$ 0	\$ 0	\$ 2,131,766
Equipment	79,745	0	2,500	77,245
Vehicles	79,518	0	0	79,518
Construction in progress	0	0	0	0
TOTALS	\$ 2,291,029	\$ 0	\$ 2,500	\$ 2,288,529

ACCUMULATED DEPRECIATION

Description	Beginning	Additions	Deletions	Ending
Distribution System	\$ 168,729	\$ 53,294	\$ 0	\$ 222,023
Equipment	56,013	7,296	2,499	60,810
Vehicles	23,322	15,904		39,226
TOTALS	\$ 248,064	\$ 76,494	\$ 2,499	\$ 322,059
NET FIXED ASSETS	\$ 2,042,965			\$ 1,966,470

CHANGES IN FIXED ASSETS – OUTSIDE SEWER

## ASSETS

Description	Beginning	Additions	Deletions	Ending Cost
Distribution System	\$ 7,523,107	\$ 43,424	\$ 0	\$ 7,566,531
Equipment	134,979	16,946	0	151,925
Vehicles	36,825	0	0	36,825
Construction in progress	29,817	0	29,817	0
TOTALS	\$ 7,724,728	\$ 60,370	\$ 29,817	\$ 7,755,281

ACCUMULATED DEPRECIATION

Description	Beginning	Current	Deletions	Ending
Distribution System	\$ 421,386	\$ 191,256	\$ 0	\$ 612,642
Equipment	46,977	23,143	0	70,120
Vehicles	23,322	7,365	0	30,687
TOTALS	\$ 491,685	\$ 221,764	\$ 0	\$ 713,449
NET FIXED ASSETS	\$ 7,233,043			\$ 7,041,832

Net Fixed Assets

Fund	Beginning	Ending
Gas	\$ 575,929	\$ 491,129
Water	7,072,164	6,683,407
Sewer	7,236,649	7,346,667
Sanitation	616,184	645,413
Outside Water	2,042,965	1,966,470
Outside Sewer	7,233,043	7,041,832
	\$ 24,776,934	\$ 24,174,918

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE G - COMMITMENTS AND CONTINGENCIES

**LITIGATION** - Various claims and lawsuits are pending against the City. In the opinion of the City attorney, the potential loss on all claims will not be significant to the City's Financial Statements.

**FEDERAL GRANT PROGRAMS** - In the course of operations, the City receives grant funds from various federal and state government agencies to be used for designated purpose only. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to insure compliance with conditions surrounding the granting of funds. If a grantor's review indicates that the funds have not been used for the intended purpose, the grantor may request a refund of monies advanced or refuse to reimburse the City for its expenditures. In management's opinion, any liability for any refunds or reimbursements which may arise as a result of audits of grant funds would not have a material impact on the financial position of the City. Continuation of the City's grant programs is predicated upon the grantor's satisfaction that the funds provided are being spent as intended and the grantor's intent to continue their programs.

**Construction Commitments** - The City has active construction projects as of June 30, 2014 and have committed to other projects that will begin in fiscal year end June 30, 2015.

NOTE H - MANAGEMENT CONTRACT

The City contracted with the UMG to manage the Street, Water and Sewer, Gas, and Garbage departments of the City. The contract went into effect on December 2006.

UMG is paid a monthly fee and in turn they pay certain expenses relating to the operation of the above departments.

The City bills and collects all utility charges and related fees.

NOTE I - HELLIER MANOR APARTMENTS, LTD (HDG GRANT)

In 1984 the City received a Housing Development Grant (HDG) from the U. S. Department of Housing and Urban Development in the amount of \$1,430,002. The City loaned the grant proceeds to Hellier Manor Apartments, Ltd. (HMA) who used the funds, in addition to bond proceeds, to construct the Ridge Cliff Apartments.

These funds are to be repaid over a twenty-year period that will commence when the bonds are paid and is to be paid from profits in excess of a 10% return on investment.

Due to the length of time between the origination of the loan and the commencement of payment, and the possibility of unforeseen conditions, the likelihood of collection is such that it cannot be predicted, thus this loan receivable is not recorded.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE J - RETIREMENT PLAN

All employees are covered under the County Employees' Retirement System (CERS), a cost sharing, multi-employer, public employers' retirement system administered by the Kentucky Retirement Systems. The Plan operates on a fiscal year ending on June 30, and issues financial statements as of that date, which can be obtained from Kentucky Retirement Systems or viewed at [www.kyret.com](http://www.kyret.com).

Employers contribute at the rate determined by the Board of Trustees, of the Kentucky Retirement Systems, to be necessary for the actuarial soundness of the systems as required by KRS 61.565. The employer rate is reviewed annually following the valuation by a consulting actuary. *Employer contributions are not deposited to member accounts.* Employer contributions are deposited to the Retirement Allowance Account and are used to pay monthly benefits and the expenses of the systems.

Funding for this Plan is provided through payroll withholdings from the employee's total compensation subject to contribution. All required contributions were made. Contribution percentages and amounts of contributions required for CERS are as follows:

The City's payroll subject to retirement withholding for 2014, 2013, and 2012 was \$3,554,904; \$3,487,829 and \$3,507,985 respectively.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the pensions' funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among the plans and employers.

Year	Rate – Non-hazardous		Amount	
	Employee	Employer	Employee	Employer
2014	5.00%	18.89%	\$92,820	\$326,563
2013	5.00%	18.89%	\$87,320	\$325,063
2012	5.00%	16.93%	\$79,976	\$295,039

  

Year	Rate – Hazardous		Amount	
	Employee	Employer	Employee	Employer
2014	8.00%	35.70%	\$127,182	\$567,551
2013	8.00%	35.70%	\$129,050	\$606,539
2012	8.00%	33.25%	\$139,945	\$625,556

  

Year	Total Amount	
	Employee	Employer
2014	\$220,002	\$894,114
2013	\$216,370	\$931,602
2012	\$219,921	\$920,595

CERS does not make separate measurements of assets and pension benefit obligation for individual employers. As the City is only one of several employers participating in the Plan, it is not practicable to determine the City's portion of the unfunded past service cost or the vested benefits of the City's portion of the Plan assets.

The benefits of all vested members are based on years of service and final compensation. Annual benefits are computed based on 2.2% of Final Compensation multiplied by Years of Service as defined under the plan. The Plan provides for benefits upon early retirement based on the number of years of service and age. Additional details can be found in the Plan.

For non-hazardous members, final compensation is the average of the five fiscal years during which the member had the highest average monthly salary. A non-hazardous member must have a minimum of 48 months in his final compensation. If the five fiscal years with highest earnings contain fewer than 48 months, additional fiscal years will be added to the calculation.

For non-hazardous members with 27 years of service who retire between August 1, 2001 and January 1, 2009, final compensation will be based on the three highest fiscal years of salary if the member's age when added to his service is at least 75. There must be a minimum of 24 months in the three fiscal years. If the three fiscal years with highest earnings contain fewer than 24 months, additional fiscal years will be added to the calculation.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE J - RETIREMENT PLAN (concluded)

For hazardous members, final compensation is the average of the three fiscal years during which the member had the highest average monthly salary. A hazardous member must have a minimum of 24 months in the final compensation. If the three fiscal years with highest earnings contain fewer than 24 months, additional fiscal years will be added to the calculation.

NOTE K – DEFERRED COMPENSATION PLAN

The City of Pikeville adopted Plan I and Plan II under the Kentucky Public Employees Deferred Compensation Authority allowing eligible employees to defer a portion of their compensation under Internal Revenue Code sections 457 and 401 (k). The plan was adopted for payroll ending October 16, 1998.

Funding for these plans is provided through payroll withholdings that are set by the employees. The City of Pikeville elected not to match any contribution to these funds for any employee. The contributions, by employees, to the 457 and 401 (k) are as follows:

<u>Year</u>	<u>457</u>	<u>401 (k)</u>
2014	\$20,615	\$9,490
2013	\$18,485	\$4,105
2012	\$19,377	\$5,470

NOTE L - RETIREMENT BENEFITS ORDINANCE

The City Board of Commissioners adopted ordinance no. 0-98-001 establishing parameters for certain retirement benefits. The ordinance establishes benefits for employees that meet the following criteria:

1. Were employed by the City of Pikeville on August 25, 1975;
2. Have completed at least 25 years of employment with the City of Pikeville; and
3. Retired from employment for the City of Pikeville.

The pension shall be \$500.00 per month payable from general funds, but there shall be a dollar for dollar offset for any other pension or retirement benefits received from any other source other than Social Security or SSI. The pension is payable only to the employee for and during his natural life. No disability plan or fund is established. No policemen or firemen are eligible to participate in this retirement plan.

The “pension benefit obligation” is a standardized disclosure measure of the present value of pension benefits estimated to be payable in the future. This Obligation could not be computed as information as to the number employees who are eligible, life expectancy, and the amount of other pensions or retirement benefits being received by those eligible. Due to the inability to compute the liability, no conclusions as to the materiality can be ascertained.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE M - DEPOSITS WITH FINANCIAL INSTITUTIONS

At June 30, 2014, the carrying amount of the City's deposits with financial institutions was \$20,161,101 and the bank balance, per statements, was \$20,302,559. The bank balance is categorized as follows:

Amount insured by the FDIC:	\$ 500,000
Amount collateralized with an FHLB letter of credit:	14,000,000
Amount collateralized with securities held by third party in the City's name:	5,802,559
Uncollateralized (\$ 0 of this amount is collateralized with securities held by the pledging financial institution):	0
<b>Total Bank Balance</b>	<u><u>\$ 20,302,559</u></u>

Note N – CERTIFICATES OF DEPOSITS/SAVINGS ACCOUNTS

The City maintains various interest bearing accounts as listed below.

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
<u>Unrestricted</u>			
General	1 year	0.50%	\$ 9,601,528
General	1 year	0.40%	549,732
General	1 year	0.01%	455,399
Coal Severance	1 year	0.50%	1,236,870
Projects Control	1 year	0.50%	1,767,074
Gas	1 year	0.50%	2,383,659
Water	1 year	0.50%	560,451
Sanitation	1 year	0.50%	862,698
Sewer	1 year	0.50%	839,251
Outside Water	1 year	0.50%	122,393
Outside Water	1 year	0.50%	336,213
Outside Sewer	1 year	0.50%	314,981
<u>Restricted</u>			
General	1 year	0.50%	\$ 27,304
Debt Service	1 year	0.50%	91,763
Debt Service	1 year	0.20%	37,502
Projects Control	1 year	0.01%	332,158
Water	1 year	0.10%	40,270
Outside Water	1 year	0.10%	13,115
Outside Sewer	1 year	0.10%	24,128
Outside Water	1 year	0.50%	34,390
Outside Sewer	1 year	0.50%	97,076
			<u><u>\$ 19,727,953</u></u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE O - LEASE AGREEMENTS

South East Kentucky Chamber of Commerce, Inc. – Leases the building at 178 College Street. The lease is for a term of five (5) years, with the Lessor having the right to cancel upon 90 days written notice during the first three years of the lease if the City desires to sell the premises. Either party to the lease may cancel the lease upon 90 days written notice in the last two years of the lease term. Rent will be in the amount of \$400 per month.

Pikeville Area Family YMCA, Inc. - YMCA leases several properties:

a - Land located in Bob Amos Park for consideration of \$1.00 per year for a term of fifty years. This agreement is dated December 31, 1991.

b - Teen Center Building located in the Hambley Athletic Complex for consideration of \$450.00 per month.

c - Softball Field located in Bob Amos Park for consideration of \$1.00 per year for a period of one year and the right to renew for five additional one year terms. Either party has the right to cancel by giving thirty days written notice of the parties' intent to terminate this lease or renewal thereof.

d – For the Operation of the Pool from May 1, 2014 through September 30, 2014 the City agrees to pay \$25,000.

Model City Day Care Center, Inc. - leases daycare facilities located on Bank Street in Pikeville, Kentucky for \$1.00 per year. The lease is for a term of two years ending on December 31, 1992, renewable for two consecutive two year terms under the same terms and conditions, upon written notice by Model City Day Care Center, Inc. of its intent to renew 180 days prior to the end of the term of the lease or any renewal thereof. Any renewal is contingent on the Model City Day Care Center, Inc. being in substantial compliance with this agreement.

As amended on December 14, 2009 the term of the lease is extended to include the period of January 1, 2010 to December 31, 2012 and is extendable for two consecutive two year terms by written notification 180 days prior to the end of the term.

Channel 51 - leases the land located on Hambley Boulevard for consideration of \$10,917.43 a year.

Pikeville Independent Board of Education - Use of the Hambley Athletic Complex for consideration of \$20,000 per year for the life of the general obligation bonds; \$1,000 per month for the Maintenance and Operation rental Fee. The Board is billed monthly \$2,667.

University of Pikeville – Use of Hambley complex \$2,084.00 per month.

East Kentucky Broadcasting, DBA EKB-TV – Use of equipment, fiber and assets for the use in general business practice in TV or Radio broadcasting studio for a period of five (5) years with one five (5) year rollover term unless lessee or lessor terminates with 60 days prior to end of term. Rent shall be \$3,000 per month commencing July 1, 2014.

Texas Roadhouse – for land on Thompson Road for construction of a restaurant. Lease is for a term of fifteen (15) years with annual rental of \$80,000 for the first five years and \$83,200 for remainder of original term. Tenant has the right to renew for three successive and additional five year periods

Jenny Wiley Drama Association – property located 224 Second Street developed as a permanent a regional professional theater building. JWT agrees to locate and have an operating office and agrees to produce a minimum of five (5) productions per year for year round professional, children and dinner theatre shows. The initial term of the lease will be twenty (20) years and the City may, at its option, a five (5) year extension term. JWT agrees to pay one dollar (\$1) annually. Lease started May 30, 2014.

Alltech Beverage Division, LLC – real estate located at 779 Hambley Blvd (city train car) for use as a gift shop. Real estate located at 773 Hambley Blvd (Old City Train Station) for operating a visitor's center. The initial term of lease will be for a period of one year commencing on July 1, 2014 and ending June 30, 2015. There shall be a perpetual rollover term of one year thereafter as long as the lessee is complying with all terms of the lease. The lessee may terminate the lease by submitting written notice of termination within 60 days prior to end of termination date. Lessee shall pay one dollar (\$1) annually.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

O - LEASE AGREEMENTS (concluded)

Robert & Joanna Nickell – on April 28, 2014 the City leased premises that shall be for operation of a Zip Line Canopy Tour” shall include building and grounds at Bob Amos Park known as “Shelter 2” for use as headquarters. The Lessee shall construct a minimum of 8 cable zip lines, platforms, trails, swinging bridges, tree platforms or other apparatus that is necessary for the normal construction of the service. The lease shall be for a term of five (5) years subject to the lessor’s right to terminate sooner. The lease will be automatically renew for 3 additional five (5) years at the end of each term unless lessor submits in writing to the lessee with 60 days prior to the termination date. Lessee may terminate said lease if after one full year of operation the business proves to operate at a loss. Lessee agrees to pay one dollar (\$1) per year.

James and Michelle Sword – Real estate at 787 Hambley Blvd to be used as a gourmet café, sandwich and sweets business. The term of lease is five (5) years commencing January 24, 2014 and ending January 24, 2019, with two additional five (5) year automatic renewals unless lessee terminates lease by submitting in writing within 60 days prior to the end of the term of the lease. Rent payments of one dollar (\$1) are payable annually for the first 5 years, after which rent will be paid in the amount of 5% of monthly profit up to \$1,000 or 5% of yearly profit up to \$12,000.

Betty Tackett DBA Dreamz Stables – real estate in Bob Amos Park known as the “Pikeville City Equestrian Barn” for the purpose of the operation of an equine facility. Lease began January 15, 2014 a period of one (1) year. The lease will automatically renew for two (2) additional one (1) year periods unless lessee terminates lease by submitting in writing within 30 days prior to termination date. Lessee agrees to pay one dollar (\$1) per year.

Baily Hotel, LLC – the right to the use the parking spaces within the ramp leading to and the fourth floor of the parking garage but not exceeding 180 parking spaces. Lease dated January 10, 2011 and renewed January 10, 2012. The term of the lease is twenty years from the day the hotel opens. There is a twenty year extension with the lessee giving the lessor a note of extension at least 90 days before the end of the original term. The lessee agrees to pay monthly three dollars (\$3) per night per rented room in the lessee two (2) hotels or three percent (3%) of the gross monthly room receipts whichever is greater.

CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE P – INTER FUND TRANSFERS

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Football Field Debt Service	Debt Service	\$ 122,420
General	Texas Road House	Debt Service	342,160
General	Texas Road House	Debt Service	115,328
General	Jenny Wiley	Debt Service	226,801
General	Fire Station	Debt Service	32,527
General	Riverfill Seating	Debt Service	37,500
General	Tourism	Operating	1,146,557
General	Projects Control	Fixed Assets	200,870
Projects Control	General	Fixed Assets	12,000
Projects Control	Sewer	Fixed Assets	142,909
Projects Control	Sewer	Fixed Assets	539,123
Gas	Cash Flow	Operating	4,000
Water	Cash Flow	Operating	4,000
Water	Outside Water	Debt Service	5,409
Water	Outside Sewer	Debt Service	14,928
Sanitation	Cash Flow	Operating	4,000
Sewer	Cash Flow	Operating	4,000
Sewer	Projects Control	Fixed Assets	142,909
Sewer	Projects Control	Fixed Assets	124,684
Sewer	Projects Control	Fixed Assets	35,386
Sewer	Projects Control	Fixed Assets	440,069
Outside Water	Cash Flow	Operating	4,000
Outside Sewer	Cash Flow	Operating	4,000
Outside Sewer	Projects Control	Fixed Assets	89,000
Outside Sewer	Projects Control	Fixed Assets	36,339
Outside Sewer	Outside Water	Operating	15,555
			<u>\$ 3,846,474</u>

NOTE Q – INTER FUND RECEIVABLES AND PAYABLES

Inter-fund balances at June 30, 2014,

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Purpose</u>	<u>Amount</u>
Projects	General	Fixed Assets	\$ 107,853
Projects	Cashflow	Operating	14,940
Outside Water	Water	Operating	9,234
Outside Sewer	Sewer	Operating	3,080
	Total All Funds		<u>\$ 135,107</u>

CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE R – PLEDGED REVENUE COVERAGE

Fiscal Year	Revenue Bonds and Notes Payable				Coverage
	Gross Revenue	Debt Service			
		Principal	Interest		
2002	\$ 4,620,257	\$ 567,537	\$ 407,874		4.74
2003	5,040,960	576,461	387,744		5.23
2004	5,391,881	616,787	381,534		5.40
2005	4,769,404	871,390	437,375		3.64
2006	5,612,167	584,498	331,730		6.13
2007	5,126,124	770,672	292,404		4.82
2008	6,063,199	553,948	314,241		6.98
2009	7,554,997	570,439	327,950		8.41
2010	7,446,899	1,394,763	301,648		4.39
2011	6,693,360	432,848	349,203		8.56
2012	7,115,680	2,291,527	361,955		2.68
2013	7,079,499	426,256	162,841		12.02
2014	7,020,728	1,507,434	234,396		4.03

NOTE S - PRIOR PERIOD ADJUSTMENTS

Fixed assets purchased in prior years were expensed. When discovered that they were still on hand cost was added to fixed asset records.

Beginning debt balances listed on prior year were corrected.

INDIVIDUAL MAJOR FUND FINANCIAL STATEMENTS

**Wallen, Puckett, & Anderson, PSC**  
CERTIFIED PUBLIC ACCOUNTANTS

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106 Fourth Street • Post Office Box 1349 • Pikeville, Kentucky 41502

J. Don Wallen, CPA  
L. Kevin Puckett, CPA  
James K. Anderson, CPA  
Johnny C. Cornett, CPA  
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606-432-8833  
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**INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTAL INFORMATION**

To the Mayor and Members of  
The Board of Commissioners  
City of Pikeville, Kentucky

Our report on the financial statements for the year ended June 30, 2014 appears on pages 10 and 11. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pikeville, Kentucky basic financial statements. The individual major fund financial statements and combining statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

WALLEN, PUCKETT, AND ANDERSON, P. S. C.

*Wallen, Puckett and Anderson, PSC*

Certified Public Accountants  
Pikeville, Kentucky

November 19, 2014

CITY OF PIKEVILLE, KENTUCKY

GENERAL FUND  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED June 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Ad Valorem Taxes				
Property Taxes	\$ 776,476	\$ 796,476	\$ 854,429	\$ 57,953
Housing Authority Property Tax	23,000	23,000	25,879	2,879
Franchise Bank Deposit Tax	145,000	135,581	135,581	0
Franchise				
Franchise Tax	35,000	35,000	29,765	(5,235)
Franchise Fees	450,000	450,000	522,176	72,176
Franchise Cable	47,334	47,334	47,332	(2)
Occupational License Taxes & Fees				
Payroll Taxes - Individuals	6,900,000	7,268,000	7,311,466	43,466
Business Licenses	500,000	830,900	892,652	61,752
Penalties and Interest	100,880	122,301	138,978	16,677
Other Taxes				
ABC Licenses	175,000	241,500	243,183	1,683
Off Track Betting	0	0	0	0
Hotel/Motel Tax	190,000	210,000	215,325	5,325
Restaurant Tax	920,000	938,000	948,246	10,246
Permits and Fees				
Building Permits	20,000	20,000	41,651	21,651
Other Permits	5,500	5,500	7,776	2,276
Electrical Inspection Fees	80,000	80,000	67,710	(12,290)
Grants-Federal				
FEMA	0	78,720	56,088	(22,632)
FEMA - SAFER	0	9,584	9,585	1
Homeland Security	0	22,700	12,000	(10,700)
HIDTA	55,000	55,000	45,058	(9,942)
Recreational Trails Grant	52,925	100,000	100,000	0
Residential City Land Conservation Grant	17,000	45,972	45,792	(180)

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

CITY OF PIKEVILLE, KENTUCKY

GENERAL FUND  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED June 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Variance Favorable (Unfavorable)
Grants - State				
EMS Grant	0	0	0	0
KLEFPF Police Incentive	90,000	82,030	74,883	(7,147)
Police Grant / State Traffic Safety	25,000	25,000	25,357	357
Fire Incentive	118,058	114,758	114,349	(409)
Municipal Road Aid	160,000	160,000	164,981	4,981
Court Citations	7,000	7,000	8,160	1,160
Base Court Revenue	0	9,200	17,240	8,040
Mineral Tax	500	500	727	227
HB 265 B628 COAL SEVERANCE	0	20,000	20,000	0
HB 1 A361 COAL SEVERANCE	0	25,000	25,000	0
HB 380 SP046 COAL SEVERANCE	0	75,000	0	(75,000)
HAZARD MITIGATION	0	12,595	8,979	(3,616)
Police Grant	0	0	1,902	1,902
Other State Grants	0	25,000	11,820	(13,180)
Grants - Local				
Pike County Bd of Educ. / Athletic Complex	56,940	(35,892)	32,848	68,740
Other Local	0	0	0	0
Interest Income				
Penalties & Interest - Property Taxes	14,645	14,645	15,194	549
Interest Income	34,200	34,200	48,705	14,505
Other Revenue				
911 Fees	50,000	50,000	37,867	(12,133)
Fire Employee Fund	1,500	1,500	1,500	0
Ambulance Fund	360,000	310,000	312,451	2,451
Parking Violations	37,000	20,000	49,730	29,730
Concession and Vending	30,000	30,000	30,221	221
Swim Team	0	0	2,550	2,550
PIKE COUNTY AIRPORT BOARD	0	0	0	0
Rent	125,320	149,320	140,275	(9,045)
Litter Abatement	6,500	6,500	0	(6,500)
Parking Garage	102,800	109,900	121,804	11,904
East Kentucky Exposition Center	0	0	0	0
Other Miscellaneous	138,910	992,758	415,226	(577,532)
<b>TOTAL REVENUES</b>	<b>\$ 11,851,488</b>	<b>\$ 13,754,582</b>	<b>\$ 13,432,441</b>	<b>\$ (322,141)</b>

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

CITY OF PIKEVILLE, KENTUCKY

GENERAL FUND  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED June 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>				
General Government				
Personnel Cost				
Salaries and Wages	\$ 856,000	\$ 816,200	\$ 816,071	\$ 129
Payroll Taxes	63,120	57,520	55,694	1,826
Insurance	130,000	129,000	128,840	160
Pensions	150,000	128,614	127,641	973
Insurance - Workers Comp	10,000	3,300	3,287	13
Rent	15,072	9,058	6,835	2,223
Supplies	47,000	62,800	59,284	3,516
Telephone	54,050	54,510	51,023	3,487
Power, Lights and Heat	72,900	78,900	69,726	9,174
Automotive - Fuel	12,000	10,400	10,322	78
Automotive - Repairs & Maintenance	8,000	8,000	4,204	3,796
Insurance	124,000	118,808	116,874	1,934
Advertising	80,000	113,900	113,885	15
Professional Services - Accounting	37,000	36,500	34,866	1,634
Professional Services - Legal	40,000	15,000	14,072	928
Professional Services - Engineering	80,000	102,100	102,020	80
Professional Services - Training	5,000	1,600	1,139	461
Professional Services - Other	35,000	65,410	65,384	26
Tax Commissioners Statutory Fee	29,000	29,000	28,902	98
Repairs and Maintenance	19,285	28,436	23,077	5,359
Travel	17,500	15,000	12,635	2,365
Postage and Freight	30,000	30,000	26,670	3,330
Dues and Subscriptions	15,000	15,000	13,088	1,912
Bank Service Charges	5,800	5,800	3,622	2,178
Refunds	90,404	99,699	96,004	3,695
FEMA Peach Orchard Hazard Mitigation	0	104,960	76,789	28,171
Fixed Asset Purchased / Construction	1,113,000	742,916	741,363	1,553
Miscellaneous	64,750	59,995	62,944	(2,949)
Provision for Bad Debts	13,000	8,300	8,281	19
Total General Government	<u>\$ 3,216,881</u>	<u>\$ 2,950,726</u>	<u>\$ 2,874,542</u>	<u>\$ 76,184</u>

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

CITY OF PIKEVILLE, KENTUCKY

GENERAL FUND  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED June 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Variance Favorable (Unfavorable)
Public Safety				
Police Department				
Personnel Costs				
Salaries and Wages	\$ 1,125,000	\$ 1,124,000	\$ 1,044,508	\$ 79,492
Payroll Taxes	80,832	80,832	73,576	7,256
Insurance	240,000	210,000	189,597	20,403
Pensions	360,000	360,000	314,946	45,054
Insurance - Workers Comp	85,000	31,613	25,120	6,493
Rent	4,044	4,844	4,453	391
Supplies	18,800	20,300	16,875	3,425
Telephone	20,900	23,400	22,859	541
Power, Lights and Heat	15,000	13,500	11,293	2,207
Automotive - Fuel	85,000	85,000	84,542	458
Automotive - Repairs & Maintenance	30,000	33,600	28,955	4,645
Insurance	42,000	38,400	37,777	623
Advertising	500	500	59	441
Professional Services	13,500	14,250	13,293	957
Professional Services - Training	4,000	2,650	1,595	1,055
Uniforms	33,800	35,800	29,848	5,952
Repairs and Maintenance	18,250	10,660	6,228	4,432
Travel	8,000	10,785	10,601	184
Postage and Freight	6,700	4,100	1,378	2,722
Dues and Subscriptions	1,350	1,350	741	609
D. A. R. E. PROGRAM	4,000	4,100	4,067	33
Miscellaneous	4,600	3,350	2,648	702
Equipment	106,110	125,552	121,966	3,586
HIDTA Expense	1,800	1,800	1,567	233
Total Police Department	<u>\$ 2,309,186</u>	<u>\$ 2,240,386</u>	<u>\$ 2,048,492</u>	<u>\$ 191,894</u>

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

CITY OF PIKEVILLE, KENTUCKY

GENERAL FUND  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED June 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Variance Favorable (Unfavorable)
Fire Department				
Personnel Costs				
Salaries and Wages	\$ 1,250,000	\$ 1,326,000	\$ 1,304,332	\$ 21,668
Payroll Taxes	94,588	94,588	91,143	3,445
Insurance	270,000	262,600	239,800	22,800
Pensions	390,000	380,000	379,986	14
Insurance - Workers Comp	92,501	31,581	30,663	918
Supplies	14,500	15,550	12,002	3,548
Telephone	13,020	18,020	17,503	517
Power, Lights and Heat	24,000	28,500	25,686	2,814
Automotive - Fuel	25,000	22,500	17,891	4,609
Automotive - Repairs & Maintenance	15,000	21,400	20,938	462
Insurance	23,400	25,100	24,703	397
Advertising	200	200	130	70
Professional Services	6,570	5,070	3,551	1,519
Professional Services - Training	3,000	2,000	1,500	500
Uniforms	30,600	31,600	30,099	1,501
Repairs and Maintenance	25,500	26,500	23,780	2,720
Travel	3,000	500	130	370
Postage and Freight	500	500	138	362
Dues and Subscriptions	550	550	50	500
VFD Allotment	6,000	7,440	7,358	82
Fire Prevention	2,500	2,500	1,647	853
Combat Challenge	0	0	0	0
Miscellaneous	3,000	2,810	2,600	210
Equipment	8,000	14,920	11,031	3,889
Total Fire Department	<u>\$ 2,301,429</u>	<u>\$ 2,320,429</u>	<u>\$ 2,246,661</u>	<u>\$ 73,768</u>
Ambulance Service				
Personnel Costs	\$ 0	\$ 0	\$ 0	\$ 0
Supplies	20,500	20,500	20,360	140
Telephone	2,500	3,000	2,620	380
Automotive - Fuel	16,500	16,500	11,049	5,451
Automotive - Repairs & Maintenance	10,000	9,620	4,801	4,819
Insurance	10,000	4,400	4,381	19
Professional Services	250	150	0	150
Professional Services - Training	50,500	50,595	35,974	14,621
Uniforms	2,500	2,500	2,319	181
Dues and Subscriptions	300	385	385	0
Refunds	3,000	3,500	3,445	55
Equipment	150,500	2,500	1,827	673
Total Ambulance Service	<u>\$ 266,550</u>	<u>\$ 113,650</u>	<u>\$ 87,161</u>	<u>\$ 26,489</u>

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

CITY OF PIKEVILLE, KENTUCKY

GENERAL FUND  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED June 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Variance Favorable (Unfavorable)
Emergency Shelter				
Professional Services	\$ 25,000	\$ 17,000	\$ 17,000	\$ 0
Miscellaneous	0	0	0	0
Total Emergency Shelter	<u>\$ 25,000</u>	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>\$ 0</u>
Codes				
Personnel Costs				
Salaries and Wages	\$ 50,000	\$ 49,895	\$ 47,286	\$ 2,609
Payroll Taxes	3,684	3,414	2,807	607
Insurance	15,000	15,000	13,824	1,176
Pensions	9,500	9,500	8,647	853
Insurance - Workers Comp	500	500	101	399
Supplies	500	650	610	40
Telephone	1,600	1,600	1,498	102
Automotive - Fuel	5,000	4,045	3,991	54
Automotive - Repairs & Maintenance	2,000	2,300	2,017	283
Insurance	1,000	730	730	0
Advertising	1,500	785	568	217
Professional Services - Electrical Ins.	80,000	80,000	63,676	16,324
Professional Services	600	600	290	310
Uniforms	350	350	345	5
Repairs and Maintenance	0	0	0	0
Travel	700	700	304	396
Dues and Subscriptions	900	1,200	1,200	0
Refund of Inspection Fees	1,000	950	425	525
Miscellaneous	0	0	0	0
Equipment	3,000	4,495	4,323	172
Total Codes	<u>\$ 176,834</u>	<u>\$ 176,714</u>	<u>\$ 152,642</u>	<u>\$ 24,072</u>
911				
Telephone	\$ 16,300	\$ 16,300	\$ 14,119	\$ 2,181
Insurance	2,525	2,875	2,866	9
Advertising	500	500	0	500
Professional Services	8,700	1,200	650	550
Repairs and Maintenance	5,000	4,650	3,895	755
Power, Lights and Heat	1,000	1,800	1,635	165
Equipment	1,000	1,000	410	590
Total 911	<u>\$ 35,025</u>	<u>\$ 28,325</u>	<u>\$ 23,575</u>	<u>\$ 4,750</u>

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

CITY OF PIKEVILLE, KENTUCKY

GENERAL FUND  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED June 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Variance Favorable (Unfavorable)
Dispatch Service				
Personnel Costs				
Salaries and Wages	\$ 235,000	\$ 220,800	\$ 217,312	\$ 3,488
Payroll Taxes	20,862	20,862	16,141	4,721
Insurance	50,000	47,000	43,114	3,886
Pensions	50,000	45,400	39,673	5,727
Insurance - Workers Comp	1,150	481	481	0
Supplies	2,300	2,300	2,094	206
Telephone	6,000	5,000	4,197	803
Automotive - Fuel	3,500	3,500	2,338	1,162
Insurance	950	950	639	311
Advertising	300	300	0	300
Professional Services	5,900	5,900	5,792	108
Uniforms	5,200	6,000	5,522	478
Repairs and Maintenance	8,500	7,344	7,258	86
Travel	2,500	1,700	976	724
Dues and Subscriptions	3,000	3,000	2,830	170
Miscellaneous	600	600	0	600
Equipment	10,500	30,825	30,486	339
Total Dispatch Service	<u>\$ 406,262</u>	<u>\$ 401,962</u>	<u>\$ 378,853</u>	<u>\$ 23,109</u>
Total Public Safety	<u>\$ 5,520,286</u>	<u>\$ 5,298,466</u>	<u>\$ 4,954,384</u>	<u>\$ 344,082</u>
Streets Department				
Power, Lights and Heat	\$ 420,000	\$ 420,000	\$ 413,034	\$ 6,966
Insurance	39,000	38,000	36,516	1,484
Management Fees - PSG	685,093	685,093	685,073	20
Professional Services	500	8,820	8,793	27
Repairs and Maintenance	175,000	201,000	200,524	476
Miscellaneous	253,000	428,900	427,225	1,675
Street Construction	500	800,000	169,541	630,459
Equipment	248,500	220,500	151,825	68,675
Total Streets	<u>\$ 1,821,593</u>	<u>\$ 2,802,313</u>	<u>\$ 2,092,531</u>	<u>\$ 709,782</u>
Parking Garage				
Supplies	\$ 250	\$ 250	\$ 0	\$ 250
Telephone	2,400	2,850	2,808	42
Power, Lights and Heat	50,750	52,750	50,489	2,261
Insurance	6,650	6,650	6,304	346
Professional Services	0	2,000	2,000	0
Repairs and Maintenance	12,500	49,000	23,771	25,229
Total Parking Garage	<u>\$ 72,550</u>	<u>\$ 113,500</u>	<u>\$ 85,372</u>	<u>\$ 28,128</u>

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

CITY OF PIKEVILLE, KENTUCKY

GENERAL FUND  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED June 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Variance Favorable (Unfavorable)
Recreation				
Parks Department				
Personnel Costs				
Salaries and Wages	\$ 47,000	\$ 16,000	\$ 13,216	\$ 2,784
Payroll Taxes	3,531	3,531	966	2,565
Insurance	8,500	3,100	1,851	1,249
Pensions	8,878	8,878	2,437	6,441
Insurance - Workers Comp	500	5,500	4,834	666
Supplies	4,600	9,612	6,983	2,629
Telephone	5,900	7,400	6,803	597
Power, Lights and Heat	93,500	112,550	102,512	10,038
Automotive - Fuel	100	100	0	100
Insurance	15,500	16,950	16,417	533
Advertising	100	0	0	0
Professional Services	359,638	363,038	361,075	1,963
Uniforms	150	150	0	150
Repairs and Maintenance	143,000	113,000	101,941	11,059
Miscellaneous	28,100	28,000	22,878	5,122
Equipment	172,850	211,260	205,004	6,256
Total Parks Department	<u>\$ 892,347</u>	<u>\$ 899,069</u>	<u>\$ 846,917</u>	<u>\$ 52,152</u>
Pool Department				
Personnel Costs				
Salaries and Wages	\$ 5,000	\$ 4,760	\$ 4,760	\$ 0
Supplies	2,000	0	0	0
Telephone	500	1,183	1,166	17
Power, Lights and Heat	9,000	8,140	3,885	4,255
Insurance	600	100	0	100
Professional Services	0	167	167	0
Repairs and Maintenance	30,000	36,250	34,143	2,107
Total Pool Department	<u>\$ 47,100</u>	<u>\$ 50,600</u>	<u>\$ 44,121</u>	<u>\$ 6,479</u>

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

CITY OF PIKEVILLE, KENTUCKY

GENERAL FUND  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED June 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Variance Favorable (Unfavorable)
<b>RV Park</b>				
Power, Lights and Heat	\$ 23,500	\$ 35,100	\$ 30,222	\$ 4,878
Advertising	100	0	0	0
Professional Services	0	150	150	0
Repairs and Maintenance	5,000	2,550	81	2,469
Refunds	200	1,500	1,440	60
Total RV Park	<u>\$ 28,800</u>	<u>\$ 39,300</u>	<u>\$ 31,893</u>	<u>\$ 7,407</u>
Total Recreation	<u>\$ 968,247</u>	<u>\$ 988,969</u>	<u>\$ 922,931</u>	<u>\$ 66,038</u>
<b>Tourism</b>				
Supplies	\$ 13,200	\$ 5,050	\$ 4,561	\$ 489
Telephone	1,850	3,470	3,173	297
Automotive - Fuel	6,500	4,000	3,187	813
Automotive - Repairs & Maintenance	2,400	2,400	1,791	609
Insurance	2,600	6,270	6,263	7
Advertising	10,000	1,685	1,598	87
Professional Services - Accounting	800	800	0	800
Professional Services - Training	3,500	2,000	1,995	5
Professional Services - Other	14,000	17,845	16,425	1,420
Travel	2,000	1,000	483	517
Dues and Subscriptions	8,000	1,860	1,846	14
Fixed Asset Purchased / Construction	5,300	5,626	5,622	4
Miscellaneous	83,300	144,595	142,298	2,297
Total Tourism	<u>\$ 153,450</u>	<u>\$ 196,601</u>	<u>\$ 189,242</u>	<u>\$ 7,359</u>
<b>Lake Cleanup</b>				
<b>Personnel Costs</b>				
Salaries and Wages	\$ 23,000	\$ 23,000	\$ 20,541	\$ 2,459
Payroll Taxes	2,500	2,500	1,466	1,034
Insurance	1,150	1,150	630	520
Pensions	4,500	4,500	3,888	612
Insurance - Workers Comp	100	90	47	43
Supplies	700	700	495	205
Power, Lights and Heat	25,000	26,000	25,455	545
Professional Services	0	10	10	0
Repairs and Maintenance	5,000	5,000	3,528	1,472
Miscellaneous	250	250	225	25
Equipment	15,000	7,000	0	7,000
Total Lake Cleanup	<u>\$ 77,200</u>	<u>\$ 70,200</u>	<u>\$ 56,285</u>	<u>\$ 13,915</u>

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

CITY OF PIKEVILLE, KENTUCKY

GENERAL FUND  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED June 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Variance Favorable (Unfavorable)
Landscape				
Professional Services	\$ 90,021	\$ 93,521	\$ 93,250	\$ 271
Power, Lights and Heat	9,000	12,500	9,727	2,773
Equipment	18,700	16,200	0	16,200
Total Landscape	<u>\$ 117,721</u>	<u>\$ 122,221</u>	<u>\$ 102,977</u>	<u>\$ 19,244</u>
Grants / Loan Advances				
Pike County Airport Board	\$ 15,000	\$ 50,000	\$ 49,806	\$ 194
Commercial Air Service	0	19,300	19,225	75
Pikeville Main Street Program	30,000	53,825	53,801	24
Artisan Center	7,500	12,550	12,429	121
Unite Pike	5,000	5,000	5,000	0
Pike TV	45,000	57,000	56,517	483
Jenny Wiley Theater	50,000	132	85	47
Total Grants / Loan Advances	<u>\$ 152,500</u>	<u>\$ 197,807</u>	<u>\$ 196,863</u>	<u>\$ 944</u>
Total Expenditures	<u>\$ 12,100,428</u>	<u>\$ 12,740,803</u>	<u>\$ 11,475,127</u>	<u>\$ 1,265,676</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (248,940)</u>	<u>\$ 1,013,779</u>	<u>\$ 1,957,314</u>	<u>\$ (1,587,817)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfer In	\$ 0	\$ 14,364	\$ 12,000	\$ 2,364
Operating Transfer Out	(1,621,008)	(2,224,429)	(2,224,163)	266
Tourism Contribution for Expo/Jenny Wiley (Net)	217,408	253,328	180,060	(73,268)
Loan Proceeds	0	0	0	0
Proceeds from Sale of Fixed Assets	3,000,000	2,062,861	2,053,720	9,141
Total Other Financing Sources (Uses)	<u>\$ 1,596,400</u>	<u>\$ 106,124</u>	<u>\$ 21,617</u>	<u>\$ (61,497)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>\$ 1,347,460</u>	<u>\$ 1,119,903</u>	<u>\$ 1,978,931</u>	<u>\$ (859,028)</u>
FUND BALANCE-BEGINNING OF YEAR			8,738,975	
FUND BALANCE-END OF YEAR			<u>\$ 10,717,906</u>	

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

CITY OF PIKEVILLE, KENTUCKY

Coal Severance  
 STATEMENT OF REVENUES AND EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
 For The Year Ended  
 June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 436,000	\$ 456,416	\$ 456,416	\$ 0
Other Grants	0	0	0	0
Interest Income	6,000	6,000	6,386	386
Other Revenue	0	0	0	0
TOTAL REVENUES	<u>\$ 442,000</u>	<u>\$ 462,416</u>	<u>\$ 462,802</u>	<u>\$ 386</u>
<b>EXPENDITURES</b>				
Current				
General Government	\$ 0	\$ 0	\$ 0	\$ 0
Grants / Loan Advances				
Animal Shelter	0	0	0	0
Big Sandy Heritage Center	25,000	26,667	18,947	7,720
Senior Citizens Center	23,500	30,000	30,000	0
Capital Outlay	393,271	422,971	294,750	128,221
Debt Service				
Principal	0	0	0	0
Interest	0	0	0	0
TOTAL EXPENDITURES	<u>\$ 441,771</u>	<u>\$ 479,638</u>	<u>\$ 343,697</u>	<u>\$ 135,941</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 229</u>	<u>\$ (17,222)</u>	<u>\$ 119,105</u>	<u>\$ (135,555)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Long-Term Debt	\$ 0	\$ 0	\$ 0	\$ 0
Operating Transfers In	0	0	0	0
Operating Transfers Out	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>\$ 229</u>	<u>\$ (17,222)</u>	<u>\$ 119,105</u>	<u>\$ 136,327</u>
FUND BALANCE - BEGINNING OF YEAR			1,216,396	
FUND BALANCE - END OF YEAR			<u>\$ 1,335,501</u>	

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

CITY OF PIKEVILLE, KENTUCKY

CAPITAL PROJECTS - PROJECTS CONTROL  
 STATEMENT OF REVENUES AND EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
 For The Year Ended  
 June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Federal Grants	\$ 917,249	\$ 702,400	\$ 0	\$ (702,400)
State Grants	564,134	667,693	230,000	(437,693)
Other Grants	0	0	0	0
Interest	0	50	16,503	16,453
Miscellaneous	254,697	580,200	0	(580,200)
Total Revenues	<u>\$ 1,736,080</u>	<u>\$ 1,950,343</u>	<u>\$ 246,503</u>	<u>\$ (1,703,840)</u>
<b>EXPENDITURES</b>				
Miscellaneous	\$ 0	\$ 50	\$ 73	\$ (23)
Capital Outlay	5,214,724	6,499,568	4,515,669	1,983,899
Debt Service				
Principal	0	0	0	0
Interest	32,287	0	0	0
Total Expenditures	<u>\$ 5,247,011</u>	<u>\$ 6,499,618</u>	<u>\$ 4,515,742</u>	<u>\$ 1,983,876</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ (3,510,931)</u>	<u>\$ (4,549,275)</u>	<u>\$ (4,269,239)</u>	<u>\$ (3,687,716)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds From Long-Term Debt	\$ 625,000	\$ 1,400,000	\$ 1,242,103	\$ (157,897)
Bond Issuance, Discount	0	0	0	0
Operating Transfers In	32,287	343,017	1,069,256	726,239
Operating Transfers Out	0	(12,000)	(694,032)	(682,032)
Total Other Financing Sources (Uses)	<u>\$ 657,287</u>	<u>\$ 1,731,017</u>	<u>\$ 1,617,327</u>	<u>\$ (113,690)</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</b>	<u>\$ (2,853,644)</u>	<u>\$ (2,818,258)</u>	<u>\$ (2,651,912)</u>	<u>\$ (3,801,406)</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			4,381,907	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 1,729,995</u>	

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

CITY OF PIKEVILLE, KENTUCKY

WATER FUND  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES  
 IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL  
 For The Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Water Sales	\$ 2,575,000	\$ 2,621,097	\$ 2,563,372	\$ 57,725
Service Charges	11,000	11,000	8,201	2,799
Penalties and Services	20,000	20,000	27,642	(7,642)
Water Tap Fees	15,000	15,000	35,670	(20,670)
Miscellaneous	0	0	257	(257)
<b>TOTAL REVENUE</b>	<b>\$ 2,621,000</b>	<b>\$ 2,667,097</b>	<b>\$ 2,635,142</b>	<b>\$ 31,955</b>
<b>OPERATING EXPENSES</b>				
Personnel Costs	\$ 52,000	\$ 52,000	\$ 43,558	\$ 8,442
Contractual Service	1,108,942	1,121,722	1,283,363	(161,641)
Operational	687,200	745,354	571,179	174,175
Repairs and Maintenance	155,501	127,659	82,633	45,026
Provision For Bad Debts	3,000	3,000	(341)	3,341
Depreciation	410,488	455,285	406,394	48,891
<b>Total Operating Expenses</b>	<b>\$ 2,417,131</b>	<b>\$ 2,505,020</b>	<b>\$ 2,386,786</b>	<b>\$ 118,234</b>
<b>Operating Income (Loss)</b>	<b>\$ 203,869</b>	<b>\$ 162,077</b>	<b>\$ 248,356</b>	<b>\$ (86,279)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Income	\$ 7,084	\$ 6,734	\$ 5,484	\$ 1,250
Interest Expense	(56,488)	(110,420)	(119,764)	9,344
Premium (Discount) on Debt Restructuring	0	0	0	0
Gain (Loss) on Disposition	0	0	(40,822)	40,822
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ (49,404)</b>	<b>\$ (103,686)</b>	<b>\$ (155,102)</b>	<b>\$ 51,416</b>
<b>NET INCOME (LOSS)(Before Transfers)</b>	<b>\$ 154,465</b>	<b>\$ 58,391</b>	<b>\$ 93,254</b>	<b>\$ (34,863)</b>
<b>TRANSFERS</b>				
Operating Transfers In	\$ 0	\$ 0	\$ 0	\$ 0
Operating Transfers (Out)	(4,000)	(2,640)	(24,337)	21,697
<b>Total Transfers</b>	<b>\$ (4,000)</b>	<b>\$ (2,640)</b>	<b>\$ (24,337)</b>	<b>\$ 21,697</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 150,465</b>	<b>\$ 55,751</b>	<b>\$ 68,917</b>	<b>\$ (13,166)</b>
<b>NET POSITION - BEGINNING OF YEAR</b>			6,366,304	
Prior Period Adjustment			0	
<b>NET POSITION - END OF YEAR</b>			<b>\$ 6,435,221</b>	

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

CITY OF PIKEVILLE, KENTUCKY

SEWER FUND  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES  
 IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL  
 For The Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Sewer Service Charges	\$ 1,101,000	\$ 1,120,785	\$ 1,163,529	\$ 42,744
Penalties and Services	5,000	5,000	8,062	3,062
Water and Sewer Tap Fees	20,000	20,000	30,575	10,575
Miscellaneous Revenues	0	0	0	0
<b>TOTAL REVENUE</b>	<b>\$ 1,126,000</b>	<b>\$ 1,145,785</b>	<b>\$ 1,202,166</b>	<b>\$ 56,381</b>
<b>OPERATING EXPENSES</b>				
Personnel Costs	\$ 27,000	\$ 27,000	\$ 19,829	\$ 7,171
Contractual Service	421,817	434,053	424,490	9,563
Operational	257,350	254,035	221,737	32,298
Repairs and Maintenance	140,924	137,003	101,944	35,059
Provision For Bad Debts	3,300	3,300	(269)	3,569
Depreciation	386,604	401,389	391,377	10,012
<b>Total Operating Expenses</b>	<b>\$ 1,236,995</b>	<b>\$ 1,256,780</b>	<b>\$ 1,159,108</b>	<b>\$ 97,672</b>
<b>Operating Income (Loss)</b>	<b>\$ (110,995)</b>	<b>\$ (110,995)</b>	<b>\$ 43,058</b>	<b>\$ 154,053</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Income	\$ 1,620	\$ 1,620	\$ 3,228	\$ 1,608
Interest Expense	0	0	0	0
Premium (Discount) on Debt Restructuring	0	0	0	0
Gain (Loss) on Disposition	0	364	(5,188)	(5,552)
Grants	0	0	368,341	368,341
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ 1,620</b>	<b>\$ 1,984</b>	<b>\$ 366,381</b>	<b>\$ 364,397</b>
<b>NET INCOME (LOSS) Before Transfers</b>	<b>\$ (109,375)</b>	<b>\$ (109,011)</b>	<b>\$ 409,439</b>	<b>\$ 518,450</b>
<b>TRANSFERS</b>				
Operating Transfers In	\$ 0	\$ 0	\$ 682,031	\$ 682,031
Operating Transfers (Out)	(4,000)	(129,048)	(747,047)	(617,999)
<b>Total Transfers</b>	<b>\$ (4,000)</b>	<b>\$ (129,048)</b>	<b>\$ (65,016)</b>	<b>\$ 64,032</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (113,375)</b>	<b>\$ (238,059)</b>	<b>\$ 344,423</b>	<b>\$ 582,482</b>
<b>NET POSITION - BEGINNING OF YEAR</b>			7,883,540	
<b>NET POSITION - END OF YEAR</b>			<b>\$ 8,227,963</b>	

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

## CITY OF PIKEVILLE, KENTUCKY

## GAS FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL

For The Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Gas Sales	\$ 1,521,000	\$ 1,625,900	\$ 1,753,208	\$ 127,308
Penalties & Service Charges	3,600	3,600	10,193	6,593
Tap Fees	15,000	15,000	10,750	(4,250)
Miscellaneous	0	0	0	0
<b>TOTAL REVENUES</b>	<b>\$ 1,539,600</b>	<b>\$ 1,644,500</b>	<b>\$ 1,774,151</b>	<b>\$ 129,651</b>
<b>OPERATING EXPENSES</b>				
Personnel Costs	37,300	37,300	\$ 26,284	11,016
Gas Purchased	949,000	1,172,100	1,090,459	81,641
Contractual Services	435,743	435,748	508,777	(73,029)
Operational	83,500	73,500	32,467	41,033
Repairs and Maintenance	38,700	35,595	26,152	9,443
Bad Debts	2,300	2,300	(589)	2,889
Depreciation	100,750	90,750	90,720	30
<b>Total Operating Expenses</b>	<b>\$ 1,647,293</b>	<b>\$ 1,847,293</b>	<b>\$ 1,774,270</b>	<b>\$ 73,023</b>
<b>Operating Income</b>	<b>\$ (107,693)</b>	<b>\$ (202,793)</b>	<b>\$ (119)</b>	<b>\$ 202,674</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Royalties	\$ 2,000	\$ 2,000	\$ 2,025	\$ 25
Interest Revenue	9,900	9,900	10,895	995
Interest Expense	0	0	0	0
Gain (Loss) on Disposition of Assets	0	0	0	0
<b>Total Nonoperating Revenue (Expense)</b>	<b>\$ 11,900</b>	<b>\$ 11,900</b>	<b>\$ 12,920</b>	<b>\$ 1,020</b>
<b>NET INCOME (LOSS) Before Transfers</b>	<b>\$ (95,793)</b>	<b>\$ (190,893)</b>	<b>\$ 12,801</b>	<b>\$ 203,694</b>
<b>TRANSFERS</b>				
Operating Transfers In	\$ 0	\$ 0	\$ 0	\$ 0
Operating Transfers (Out)	(4,000)	(4,000)	(4,000)	0
<b>Total Transfers</b>	<b>\$ (4,000)</b>	<b>\$ (4,000)</b>	<b>\$ (4,000)</b>	<b>\$ 0</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (99,793)</b>	<b>\$ (194,893)</b>	<b>\$ 8,801</b>	<b>\$ 203,694</b>
<b>NET POSITION - BEGINNING OF YEAR</b>			2,842,405	
<b>NET POSITION - END OF YEAR</b>			<b>\$ 2,851,206</b>	

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

CITY OF PIKEVILLE, KENTUCKY

SANITATION FUND

COMPARATIVE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN  
NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL

For The Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Garbage Fees	\$ 1,290,500	\$ 1,290,500	\$ 1,327,147	\$ 36,647
Penalties	6,000	6,000	7,587	1,587
Miscellaneous	0	0	1,021	1,021
Total Revenues	<u>\$ 1,296,500</u>	<u>\$ 1,296,500</u>	<u>\$ 1,335,755</u>	<u>\$ 39,255</u>
<b>EXPENSES</b>				
Personnel Costs	\$ 31,600	\$ 31,600	\$ 22,460	\$ 9,140
Contractual Services	597,455	597,455	579,649	17,806
Operational	73,400	73,400	52,856	20,544
Repairs and Maintenance	53,000	53,000	35,463	17,537
Dumping Fees	350,000	350,000	305,982	44,018
Bad Debts	1,400	1,400	(259)	1,659
Depreciation	189,000	189,000	148,259	40,741
Total Expenses	<u>\$ 1,295,855</u>	<u>\$ 1,295,855</u>	<u>\$ 1,144,410</u>	<u>\$ 151,445</u>
Operating Income	<u>\$ 645</u>	<u>\$ 645</u>	<u>\$ 191,345</u>	<u>\$ 190,700</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Income	\$ 3,480	\$ 3,480	\$ 4,066	\$ 586
Interest Expense	0	0	0	0
Gain (Loss) on Disposition	0	2,000	2,000	0
Grant	0	0	0	0
Total Nonoperating Revenues	<u>\$ 3,480</u>	<u>\$ 5,480</u>	<u>\$ 6,066</u>	<u>\$ 586</u>
NET INCOME (LOSS) Before Transfers	<u>\$ 4,125</u>	<u>\$ 6,125</u>	<u>\$ 197,411</u>	<u>\$ 191,286</u>
<b>TRANSFERS</b>				
Operating Transfers In	\$ 0	\$ 0	\$ 0	\$ 0
Operating Transfers (Out)	(4,000)	(6,000)	(4,000)	2,000
Total Transfers	<u>\$ (4,000)</u>	<u>\$ (6,000)</u>	<u>\$ (4,000)</u>	<u>\$ 2,000</u>
CHANGE IN NET POSITION	<u>\$ 125</u>	<u>\$ 125</u>	<u>\$ 193,411</u>	<u>\$ 193,286</u>
NET POSITION - BEGINNING OF YEAR			1,439,441	
NET POSITION - END OF YEAR			<u>\$ 1,632,852</u>	

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

## CITY OF PIKEVILLE, KENTUCKY

OUTSIDE WATER  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES  
 IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL  
 For The Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Water Sales	\$ 738,100	\$ 738,100	\$ 733,689	\$ (4,411)
Penalties & Service Charges	5,500	5,500	6,476	976
Tap Fees	0	0	0	0
Miscellaneous	0	0	0	0
<b>TOTAL REVENUES</b>	<u>\$ 743,600</u>	<u>\$ 743,600</u>	<u>\$ 740,165</u>	<u>\$ (3,435)</u>
<b>OPERATING EXPENSES</b>				
Personnel Costs	\$ 14,900	\$ 14,918	\$ 12,136	\$ 2,782
Contractual Services	54,500	43,432	540,439	(497,007)
Operational	598,400	652,312	140,676	511,636
Repairs and Maintenance	87,699	85,699	62,477	23,222
Bad Debts	1,000	1,000	(342)	1,342
Depreciation	125,852	77,525	76,494	1,031
<b>Total Operating Expenses</b>	<u>\$ 882,351</u>	<u>\$ 874,886</u>	<u>\$ 831,880</u>	<u>\$ 43,006</u>
<b>Operating Income</b>	<u>\$ (138,751)</u>	<u>\$ (131,286)</u>	<u>\$ (91,715)</u>	<u>\$ 39,571</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Revenue	\$ 3,110	\$ 3,110	\$ 2,732	\$ (378)
Grants	0	0	0	0
Interest Expense	(23,023)	(27,195)	(27,680)	(485)
Gain (Loss) on Disposition of Assets	0	0	0	0
<b>Total Nonoperating Revenue (Expense)</b>	<u>\$ (19,913)</u>	<u>\$ (24,085)</u>	<u>\$ (24,948)</u>	<u>\$ (863)</u>
<b>NET INCOME (LOSS) Before Transfers</b>	<u>\$ (158,664)</u>	<u>\$ (155,371)</u>	<u>\$ (116,663)</u>	<u>\$ 38,708</u>
<b>TRANSFERS</b>				
Operating Transfers In	65,500	86,456	20,964	(65,492)
Operating Transfers (Out)	(69,500)	(77,000)	(4,000)	73,000
<b>Total Transfers</b>	<u>\$ (4,000)</u>	<u>\$ 9,456</u>	<u>\$ 16,964</u>	<u>\$ 7,508</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ (162,664)</u>	<u>\$ (145,915)</u>	<u>\$ (99,699)</u>	<u>\$ 46,216</u>
<b>NET POSITION - BEGINNING OF YEAR</b>			1,433,334	
<b>NET POSITION - END OF YEAR</b>			<u>\$ 1,333,635</u>	

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

## CITY OF PIKEVILLE, KENTUCKY

## OUTSIDE SEWER

COMPARATIVE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN  
NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL

For The Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>				
Sewer Service Charges	\$ 680,000	\$ 680,000	\$ 661,751	\$ (18,249)
Penalties & Service Charges	4,000	4,000	5,328	1,328
Water and Sewer Tap Fees	500	500	0	(500)
Miscellaneous Revenues	0	0	0	0
Total Revenues	<u>\$ 684,500</u>	<u>\$ 684,500</u>	<u>\$ 667,079</u>	<u>\$ (17,421)</u>
<b>EXPENSES</b>				
Personnel Costs	\$ 13,850	\$ 13,850	\$ 11,084	\$ (2,766)
Contractual Services	188,203	187,703	184,345	3,358
Operational	61,820	61,425	61,091	334
Repairs and Maintenance	116,926	111,493	90,242	21,251
Bad Debts	2,000	2,000	(277)	2,277
Depreciation	234,958	221,765	221,764	1
Total Expenses	<u>\$ 617,757</u>	<u>\$ 598,236</u>	<u>\$ 568,249</u>	<u>\$ 24,455</u>
Operating Income	<u>\$ 66,743</u>	<u>\$ 86,264</u>	<u>\$ 98,830</u>	<u>\$ 12,566</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Income	\$ 2,179	\$ 2,179	\$ 2,480	\$ 301
Grants	0	0	0	0
Interest Expense	(72,288)	(82,554)	(86,952)	(4,398)
Gain (Loss) on Disposition of Fixed Assets	0	0	0	0
Total Nonoperating Revenues	<u>\$ (70,109)</u>	<u>\$ (80,375)</u>	<u>\$ (84,472)</u>	<u>\$ (4,097)</u>
NET INCOME (LOSS) Before Transfers	<u>\$ (3,366)</u>	<u>\$ 5,889</u>	<u>\$ 14,358</u>	<u>\$ 8,469</u>
<b>TRANSFERS</b>				
Operating Transfers In	\$ 0	\$ 0	\$ 14,929	\$ 14,929
Operating Transfers (Out)	(4,000)	(119,914)	(144,894)	(24,980)
Total Transfers	<u>\$ (4,000)</u>	<u>\$ (119,914)</u>	<u>\$ (129,965)</u>	<u>\$ (10,051)</u>
CHANGE IN NET POSITION	<u>\$ (7,366)</u>	<u>\$ (114,025)</u>	<u>\$ (115,607)</u>	<u>\$ (1,582)</u>
NET POSITION - BEGINNING OF YEAR			4,260,314	
NET POSITION - END OF YEAR			<u>\$ 4,144,707</u>	

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

COMBINING FINANCIAL STATEMENTS

CITY OF PIKEVILLE, KENTUCKY

BALANCE SHEET - COMBINING  
OTHER GOVERNMENTAL FUNDS  
June 30, 2014

	Debt Service - Football	Debt Service Jenny Wiley Construction	Fire Station Debt Service	River Fill Seating Debt Service	Tourism / Convention	Detective Arrest - Federal	State Police Case	Main Street	Cash Flow	Total Other Governmental Funds
<b>ASSETS</b>										
Cash and Investments										
Cash	\$ 1,345	\$ 64,820	\$ 26,943	\$ 37,502	\$ 2,366	\$ 25,992	\$ 2,271	\$ 87	\$ 35,089	\$ 196,415
Certificates of Deposit and Savings	0	0	0	0	0	0	0	0	0	0
Receivables (Net of Allowance for Uncollectibles)										
Taxes	0	0	0	0	0	0	0	0	0	0
Accounts	0	0	0	0	0	0	0	0	0	0
Due From Other Funds	0	0	0	0	0	0	0	0	0	0
Prepaid Expenses	0	0	0	0	0	0	0	0	0	0
<b>TOTAL ASSETS</b>	<b>\$ 1,345</b>	<b>\$ 64,820</b>	<b>\$ 26,943</b>	<b>\$ 37,502</b>	<b>\$ 2,366</b>	<b>\$ 25,992</b>	<b>\$ 2,271</b>	<b>\$ 87</b>	<b>\$ 35,089</b>	<b>\$ 196,415</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>										
<b>LIABILITIES</b>										
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Expenses	0	0	0	0	0	0	0	0	0	0
Customer's Deposit	0	0	0	0	0	0	0	0	0	0
Due From Other Funds	0	0	0	0	0	0	0	0	14,940	14,940
<b>TOTAL LIABILITIES</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 14,940</b>	<b>\$ 14,940</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Uncollected Real Estate Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>FUND BALANCES</b>										
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for:										
Debt Service	1,345	64,820	26,943	37,502	0	0	0	0	0	130,610
Committed	0	0	0	0	0	0	0	0	0	0
Assigned To:										
Capital Projects	0	0	0	0	0	0	0	0	0	0
Other Purposes	0	0	0	0	0	25,992	2,271	0	0	28,263
Unrestricted	0	0	0	0	2,366	0	0	87	20,149	22,602
<b>TOTAL FUND BALANCES</b>	<b>\$ 1,345</b>	<b>\$ 64,820</b>	<b>\$ 26,943</b>	<b>\$ 37,502</b>	<b>\$ 2,366</b>	<b>\$ 25,992</b>	<b>\$ 2,271</b>	<b>\$ 87</b>	<b>\$ 20,149</b>	<b>\$ 181,475</b>
<b>LIABILITIES, DEFERRED INFLOWS     OF RESOURCES AND FUND BALANCES</b>	<b>\$ 1,345</b>	<b>\$ 64,820</b>	<b>\$ 26,943</b>	<b>\$ 37,502</b>	<b>\$ 2,366</b>	<b>\$ 25,992</b>	<b>\$ 2,271</b>	<b>\$ 87</b>	<b>\$ 35,089</b>	<b>\$ 196,415</b>

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

CITY OF PIKEVILLE, KENTUCKY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - COMBINING  
OTHER GOVERNMENTAL FUNDS  
Year Ended June 30, 2014

	Football debt Service	Debt Service Texas Roadhouse	Debt Service Jenny Wiley Construction	Fire Station Debt Service	River Fill Seating Debt Service	Tourism / Convention	Detective Arrest - Federal	State Police Case	Main Street	Cash Flow	Totals
<b>REVENUES</b>											
Ad Valorem Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Franchise Taxes	0	0	0	0	0	0	0	0	0	0	0
Occupational License Fees	0	0	0	0	0	0	0	0	0	0	0
Other Taxes	0	0	0	0	0	0	0	0	0	0	0
Permits and Fees	0	0	0	0	0	0	0	0	0	0	0
Intergovernmental Revenue	0	0	0	0	0	0	14,186	880	0	0	15,066
Other Grants	0	0	0	0	0	0	0	0	0	0	0
Interest Income	0	892	403	14	2	41	168	6	0	397	1,923
Other Revenue	0	0	0	0	0	0	0	0	0	0	0
<b>Total Revenues</b>	<b>\$ 0</b>	<b>\$ 892</b>	<b>\$ 403</b>	<b>\$ 14</b>	<b>\$ 2</b>	<b>\$ 41</b>	<b>\$ 14,354</b>	<b>\$ 886</b>	<b>\$ 0</b>	<b>\$ 397</b>	<b>\$ 16,989</b>
<b>EXPENDITURES</b>											
<b>CURRENT</b>											
General Government	\$ 60	\$ 0	\$ 0	\$ 80	\$ 0	\$ 5,601	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,741
Public Safety	0	0	0	0	0	0	3,672	1,271	0	0	4,943
Streets	0	0	0	0	0	0	0	0	0	0	0
Parking Garage	0	0	0	0	0	0	0	0	0	0	0
Recreation	0	0	0	0	0	0	0	0	0	0	0
Tourism	0	0	0	0	0	0	0	0	0	0	0
Lake Cleanup	0	0	0	0	0	0	0	0	0	0	0
Landscape	0	0	0	0	0	0	0	0	0	0	0
Eastern Kentucky Exposition Center	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	9,495	9,495
Capital Outlay	0	0	0	0	0	0	35,143	0	0	0	35,143
<b>Debt Service</b>											
Principal Retirement	105,000	750,000	130,000	0	0	0	0	0	0	0	985,000
Interest	17,360	11,095	65,801	5,518	0	0	0	0	0	0	99,774
Grants / Loan Advances	0	0	0	0	0	1,140,824	0	0	0	0	1,140,824
<b>Total Expenditures</b>	<b>\$ 122,420</b>	<b>\$ 761,095</b>	<b>\$ 195,801</b>	<b>\$ 5,598</b>	<b>\$ 0</b>	<b>\$ 1,146,425</b>	<b>\$ 38,815</b>	<b>\$ 1,271</b>	<b>\$ 0</b>	<b>\$ 9,495</b>	<b>\$ 2,280,920</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (122,420)</b>	<b>\$ (760,203)</b>	<b>\$ (195,398)</b>	<b>\$ (5,584)</b>	<b>\$ 2</b>	<b>\$ (1,146,384)</b>	<b>\$ (24,461)</b>	<b>\$ (385)</b>	<b>\$ 0</b>	<b>\$ (9,098)</b>	<b>\$ (2,263,931)</b>
<b>OTHER FINANCING SOURCES (USES)</b>											
Proceeds from Long-Term Debt	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Bond Issuance, Discount	0	0	0	0	0	0	0	0	0	0	0
Proceeds from Sale of Fixed Assets	0	0	0	0	0	0	0	0	0	0	0
Operating Transfers In	122,420	457,488	226,801	32,527	37,500	1,146,557	0	0	0	24,000	2,047,293
Operating Transfers Out	0	0	0	0	0	0	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 122,420</b>	<b>\$ 457,488</b>	<b>\$ 226,801</b>	<b>\$ 32,527</b>	<b>\$ 37,500</b>	<b>\$ 1,146,557</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 24,000</b>	<b>\$ 2,047,293</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES) \$</b>											
	<b>0</b>	<b>\$ (302,715)</b>	<b>\$ 31,403</b>	<b>\$ 26,943</b>	<b>\$ 37,502</b>	<b>\$ 173</b>	<b>\$ (24,461)</b>	<b>\$ (385)</b>	<b>\$ 0</b>	<b>\$ 14,902</b>	<b>\$ (216,638)</b>
<b>FUND BALNCES - BEGINNING OF YEAR</b>											
	1,345	302,715	33,417	0	0	2,193	50,453	2,656	87	5,247	398,113
<b>FUND BALANCES-END OF YEAR</b>											
	<b>\$ 1,345</b>	<b>\$ 0</b>	<b>\$ 64,820</b>	<b>\$ 26,943</b>	<b>\$ 37,502</b>	<b>\$ 2,366</b>	<b>\$ 25,992</b>	<b>\$ 2,271</b>	<b>\$ 87</b>	<b>\$ 20,149</b>	<b>\$ 181,475</b>

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

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

**Wallen, Puckett, & Anderson, PSC**  
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S 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 Board of Commissioners  
City of Pikeville, 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Pikeville, Kentucky, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Pikeville, Kentucky's basic financial statements, and have issued our report thereon dated November 19, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Pikeville, 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 Pikeville, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Pikeville, 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.

To the Board of Commissioners  
City of Pikeville, Kentucky

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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Pikeville, 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.

WALLEN, PUCKETT, AND ANDERSON, P. S. C.

*Wallen, Puckett and Anderson, P.C.*

Certified Public Accountants  
Pikeville, Kentucky

November 19, 2014

**Wallen, Puckett, & Anderson, PSC**  
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INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Commissioners  
City of Pikeville, Kentucky

**Report on Compliance for Each Major Federal Program**

We have audited City of Pikeville, Kentucky's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Pikeville, Kentucky's major federal programs for the year ended June 30, 2014. City of Pikeville, Kentucky's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Pikeville, Kentucky's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Pikeville, Kentucky's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Pikeville, Kentucky's compliance.

To the Board of Commissioners  
City of Pikeville, Kentucky

Page 2

***Opinion on Each Major Federal Program***

In our opinion, City of Pikeville, Kentucky, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

**Report on Internal Control Over Compliance**

Management of City of Pikeville, Kentucky, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Pikeville, Kentucky's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Pikeville, Kentucky's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

WALLEN, PUCKETT, AND ANDERSON, P. S. C.

*Wallen, Puckett and Anderson, PSC*

Certified Public Accountants

Pikeville, Kentucky

November 19, 2014

CITY OF PIKEVILLE, KENTUCKY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014

<u>FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<b><u>PASSED THROUGH RURAL DEVELOPMENT</u></b>			
Kentucky Rural Water Finance Corporation			
Loan Guarantees			
Loan # 92-15	10.760	N/A	\$ 1,451,000
Loan # 93-18	10.760	N/A	\$ 1,777,000
Total U.S. Department of Agriculture			<u>\$ 3,228,000</u>
<b><u>U. S. DEPARTMENT OF COMMERCE</u></b>			
PRIDE Cleanup	11.469	N/A	\$
Total U. S. Department of Commerce			<u>\$ 0</u>
<b><u>US Army Corps of Engineers</u></b>			
Sewer Plant - PRIDE	12.000	N/A	\$ 190,046
Total US Army Corps Of Engineers			<u>\$ 190,046</u>
<b><u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
CDBG Community Emergency Relief Fund	14.218	N/A	\$ 0
Total U. S. Department of Housing and Urban Development			<u>\$ 0</u>
<b><u>U. S. DEPARTMENT OF THE INTERIOR</u></b>			
Land and Conservation Fund Act-Horse Riding Trail	15.916	N/A	\$ 14,513
Land and Conservation Fund Act-Horse Riding Trail	15.916	N/A	\$ 31,280
Total U. S. Department of the Interior			<u>\$ 45,793</u>
<b><u>U. S. DEPARTMENT OF TRANSPORTATION</u></b>			
Recreational Trails Program	20.219	N/A	\$ 100,000
Total U. S. Department of Transportation			<u>\$ 100,000</u>
<b><u>APPALACHIAN REGIONAL COMMISSION (ARC)</u></b>			
Marion Branch Sewer	23.001	N/A	\$ 0
Total Appalachian Regional Commission			<u>\$ 0</u>
<b><u>U. S. DEPARTMENT OF JUSTICE</u></b>			
HIDTA Taskforce	95.001	N/A	\$ 45,058
Total U. S. Department of Justice			<u>\$ 45,058</u>
<b><u>U. S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
<u>Federal Emergency Management Agency</u>			
<u>Kentucky Division of Emergency Management</u>			
Public Safety Grant	97.067	13-135	\$ 12,000
Hazard Mitigation	97.039	4008-0003	\$ 57,592
SAFER (Firefighter Salary Reimbursement)	97.067	EMW-2008-FF-01214	\$ 9,584
Total U.S. Department of Homeland Security			<u>\$ 79,176</u>
			<u>\$ 3,688,073</u>

CITY OF PIKEVILLE, KENTUCKY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2014

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Pikeville, Kentucky and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

CITY OF PIKEVILLE, KENTUCKY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014

SECTION I – SUMMARY OF AUDITORS’ RESULTS

1. The auditor’s report expresses an unmodified opinion on the financial statements of City of Pikeville, Kentucky.
2. No significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of City of Pikeville, Kentucky were disclosed during the audit.
4. No significant deficiency in internal control over major federal award programs disclosed during the audit.
5. The auditor’s report on compliance for the major federal award programs for City of Pikeville, Kentucky expresses an unmodified opinion on all major federal award programs.
6. No Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs included:

Name	CFDA #
US Department of Agriculture (Rural Development Grant)	10.760

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. City of Pikeville, Kentucky was determined to be a low risk auditee.

SECTION II – FINANCIAL STATEMENT AND FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs.

CITY OF PIKEVILLE, KENTUCKY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2014

There were no Findings on the City's prior audit report.