

CITY OF PIKEVILLE, KENTUCKY

FINANCIAL STATEMENTS

For the year ended June 30, 2015

**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, 2015

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CITY OF PIKEVILLE, KENTUCKY

MUNICIPAL OFFICIALS  
JUNE 30, 2015

	Office	Name	Term	
Elective	Mayor	James A Carter	01/01/2015	12/31/2018
	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
		Franklin D Justice	01/01/2015	12/31/2016
		Josh Huffman	01/01/2015	12/31/2016
		Barry Chaney	01/01/2015	12/31/2016
		Jerry K Coleman	01/01/2015	12/31/2016
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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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  
Johnny K. White, CPA

606-432-8833  
FAX 606-432-8466

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 units, each major fund, and the aggregate remaining fund information of the City of Pikeville, Kentucky, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Pikeville, Kentucky'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 units, each major fund, and the aggregate remaining fund information of the City of Pikeville, Kentucky, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereoffor the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Commissioners  
City of Pikeville, Kentucky

Page 2

***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 5-12 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 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 December 4, 2015, 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 the 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

December 4, 2015

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**City of Pikeville**

**June 30, 2015**

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, 2015. 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 is as follows: Net Position of business-type activities was \$25,652,639 and Net Position of governmental activities was \$61,277,727.

- The current year's expense total was \$16,204,123 as compared to the \$23,592,066 generated in fees and charges, grants, general revenues, and taxes for governmental programs (before extraordinary items). In the previous year, expenses were \$13,628,767 as compared to the \$14,484,474 generated in tax and other revenues for governmental programs (before extraordinary items).
- For business-type activities, city revenues were \$8,356,795. Expenses were \$8,466,857. In the previous year, city revenues were \$8,354,458. Expenses were \$8,106,838.
- The annual cost of all city programs was \$24,670,980. The previous year's cost was \$21,735,605.

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

**City of Pikeville**

**June 30, 2015**

## **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, 2015**

## **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, 2015

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:	17,875,017	15,236,726	6,653,416	6,738,781	24,528,433	21,975,507
Capital Assets:	57,543,532	50,981,939	25,078,809	24,174,918	82,622,341	75,156,857
Total Assets	<u>75,418,549</u>	<u>66,218,665</u>	<u>31,732,225</u>	<u>30,913,699</u>	<u>107,150,774</u>	<u>97,132,364</u>
Long-term liabilities:	3,832,993	4,100,307	5,381,554	5,660,448	9,214,547	9,760,755
Other liabilities:	3,655,050	1,554,997	580,270	575,648	4,235,320	2,130,645
Pension Costs	6,021,994	0	105,938	0	6,127,932	0
Deferred Inflows of Resources	<u>630,785</u>	<u>11,843</u>	<u>11,824</u>	<u>0</u>	<u>642,609</u>	<u>11,843</u>
Total Liabilities	<u>14,140,822</u>	<u>5,667,147</u>	<u>6,079,586</u>	<u>6,236,096</u>	<u>20,220,408</u>	<u>11,903,243</u>
Net Assets:						
Invested in Capital Assets, net of related debt:	53,337,399	46,519,836	19,419,585	18,244,360	72,756,984	64,764,196
Restricted:	0	0	118,700	104,960	118,700	104,960
Unrestricted (deficit):	<u>7,940,328</u>	<u>14,031,682</u>	<u>6,114,354</u>	<u>6,328,283</u>	<u>14,054,682</u>	<u>20,359,965</u>
Total Net Assets	<u>61,277,727</u>	<u>60,551,518</u>	<u>25,652,639</u>	<u>24,677,603</u>	<u>86,930,366</u>	<u>85,229,121</u>

### CITY AS A WHOLE

The city's combined Net Position from the previous year was \$85,229,121 as compared to \$86,930,366 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 \$61,277,727 this year as compared to \$60,551,518 last year. Unrestricted Net Position was \$14,031,682 last year as compared to \$7,940,328 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 \$25,652,639 this year as compared to 24,677,603 last year.

# Management's Discussion and Analysis Financial Report

## City of Pikeville

June 30, 2015

City revenues (excluding extraordinary items) for the current year were \$32,640,364 as compared to \$24,409,880 in the previous year. The total yearly cost of all programs and services was \$24,670,980 as compared to \$22,740,379 in the previous year.

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	0	117,137	8,356,795	8,354,458	8,356,795	8,471,595
Restricted Operating Grants	2,096,576	504,330	0	0	2,096,576	504,330
Restricted Capital Grants	7,630,610	971,921	572,957	368,341	8,203,567	1,340,262
Restricted Other	0	0	0	0	0	0
General						
Property Taxes	1,025,983	1,015,889	0	0	1,025,983	1,015,889
Other Taxes	10,873,803	11,489,947	0	0	10,873,803	11,489,947
Interest & Investment Income	82,737	88,711	24,295	29,464	107,032	118,175
Other General Revenues	1,882,357	1,467,657	94,251	2,025	1,976,608	1,469,682
Total Revenues	23,592,066	15,655,592	9,048,298	8,754,288	32,640,364	24,409,880
Program Expenses						
General Government	4,385,125	2,880,282	0	0	4,385,125	2,880,282
Public Safety	5,640,083	4,959,327	0	0	5,640,083	4,959,327
Public Works	0	0	0	0	0	0
Culture & Recreation	844,340	922,931	0	0	844,340	922,931
Community Development	0	0	0	0	0	0
Education	0	0	0	0	0	0
Interest on Long-Term Debt	121,798	99,774	0	0	121,798	99,774
Business Activities						
Water &/or Sewer	0	0	5,236,238	5,180,449	5,236,238	5,180,449
Other Utilities	0	0	3,230,619	2,970,399	3,230,619	2,970,399
Parking Facilities	93,267	85,372	0	0	93,267	85,372
Other Expenses	5,119,510	5,641,845	0	0	5,119,510	5,641,845
Total Expenses	16,204,123	14,589,531	8,466,857	8,150,848	24,670,980	22,740,379
Excess (deficiency) Before						
Extraordinary Items & Transfers:	7,387,943	1,066,061	581,441	603,440	7,969,384	1,669,501
Extraordinary Items & Transfers	(502,880)	210,354	502,880	(210,354)	0	0
Increase (Decrease) in Net Assets	6,885,063	1,276,415	1,084,321	393,086	7,969,384	1,669,501

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

**City of Pikeville**

**June 30, 2015**

### **GOVERNMENTAL ACTIVITIES**

This year's governmental activities revenues were \$23,592,066 as compared to \$15,655,592 last year. The year's governmental activities cost was \$16,204,123 as compared to \$14,589,531 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

	<b>Total Cost of Services</b>	
	<b>Current Year</b>	<b>Previous Year</b>
Police Department	2,138,904	2,048,492
Fire Department	2,356,375	2,246,661
Public Works	0	0
Education	0	0
Parks and Recreation	866,059	922,931
All others	10,842,787	9,373,447
Totals	16,204,125	14,591,531

### **BUSINESS-TYPE ACTIVITIES**

This year's Business-type activities revenues (see Table 2) were \$9,048,298 as compared to \$8,754,288 last year. This year's expenses were \$8,466,857 as compared to \$8,150,848 in the previous year.

### **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 \$86,930,366 as compared to \$85,229,121 in the previous year.

# Management's Discussion and Analysis Financial Report

City of Pikeville

June 30, 2015

## CAPITAL ASSETS

Table 4

Capital Assets at Year-End  
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Totals	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Land	13,895,364	12,530,935	138,000	138,000	14,033,364	12,668,935
Buildings and Improvements	20,598,932	15,230,523			20,598,932	15,230,523
Equipment	2,279,903	1,893,928	795,948	946,551	3,075,851	2,840,479
Infrastructure	14,893,327	15,844,687	22,066,511	22,698,594	36,959,838	38,543,281
Other	5,876,006	5,481,866	2,078,351	391,773	7,954,357	5,873,639
Totals	57,543,532	50,981,939	25,078,810	24,174,918	82,622,342	75,156,857

At the close of the year, the city had invested \$82,622,342 in capital assets such as land, buildings and improvements, equipment or infrastructure (see Table 4). \$75,156,857 was invested in similar assets last year.

The current year's chief capital asset additions included:

- Marion Branch Road / Bridge
- Sewer Plant Improvements
- Zipline Construction
- Fire Station Construction
- Riverfill Seating
- Jenny Wiley Theater Construction
- Vehicles for various departments.

Table 5

Outstanding Debt at Year-End

	Governmental Activities		Business-type Activities		Totals	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
General obligation bonds (backed by the city)	2,980,000	3,220,000	2,079,554	2,235,779	5,059,554	5,455,779
Revenue bonds and notes (backed by specific tax and fee revenues)	0	0	3,172,000	3,228,500	3,172,000	3,228,500
Other bonds or outstanding obligations	1,275,270	1,242,103	407,670	466,279	1,682,940	1,708,382
Totals	4,255,270	4,462,103	5,659,224	5,930,558	9,914,494	10,392,661

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

**City of Pikeville**

**June 30, 2015**

### **DEBT MANAGEMENT**

At the close of the year, the city had \$9,914,494 in outstanding bonds and notes as compared to \$10,392,661 in the previous year (see table 5).

### **GASB 68 IMPLEMENTATION**

The implementation of GASB 68 "Accounting and Financial Reporting for Pensions" resulted in an addition to liabilities of \$6,127,932, deferred inflows of \$634,153 and to expenses in the Statement of Activities of \$480,905.

These were allocated to the government activities

	<u>Government</u>	<u>Business-Type</u>	<u>Total</u>
Net Pension Liability	<u>\$ 6,021,994</u>	<u>\$ 105,938</u>	<u>\$ 6,127,932</u>
Deferred Inflows	<u>\$ 622,328</u>	<u>\$ 11,824</u>	<u>\$ 634,152</u>
Pension Expense	<u>\$ 427,427</u>	<u>\$ 53,478</u>	<u>\$ 480,905</u>

### **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:

Tonya Taylor  
Finance Director  
243 Main Street  
Pikeville, Kentucky 41501  
Phone: 606 437 5103 Fax: 606 437 5106  
[tonya.taylor@pikevilleky.gov](mailto:tonya.taylor@pikevilleky.gov)

## BASIC FINANCIAL STATEMENTS

## CITY OF PIKEVILLE, KENTUCKY

STATEMENT OF NET POSITION  
June 30, 2015

	Governmental Activities	Business Type	Total	Component Unit
<b>ASSETS</b>				
Cash	\$ 8,340,804	\$ 2,494,450	\$ 10,835,254	\$ 154,302
Certificates of Deposit and Savings	5,239,594	2,683,946	7,923,540	0
Receivables (Net of Allowance for Uncollectibles)				
Taxes	12,826	0	12,826	0
Accounts	3,723,657	791,113	4,514,770	109,960
Other	0	0	0	16,844
Due From Other Funds	23	12,521	12,544	0
Inventories	4,353	0	4,353	47,977
Prepaid Expenses	458,015	119,028	577,043	19,550
Escrow - Commercial Air Service	32,426	0	32,426	0
Restricted Assets				
Cash	0	324,864	324,864	0
Certificates of Deposit	0	156,820	156,820	0
Other Receivables	0	0	0	0
Bond Issuance Costs	63,319	70,674	133,993	0
Capital Assets, Net				
Land	13,895,364	138,000	14,033,364	0
Other Capital Assets, Net	43,648,168	24,940,809	68,588,977	0
<b>TOTAL ASSETS</b>	<b>\$ 75,418,549</b>	<b>\$ 31,732,225</b>	<b>\$ 107,150,774</b>	<b>\$ 348,633</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 3,274,622	\$ 165,999	\$ 3,440,621	\$ 109,131
Accrued Expenses	465	66,352	66,817	58,379
Current Portion of Long-Term Debt	373,140	277,670	650,810	0
Customer's Deposit	4,400	60,128	64,528	0
Due To Other Funds	2,423	10,121	12,544	0
Net Pension Liability	6,021,994	105,938	6,127,932	0
General Obligation Bonds Payable	2,690,413	0	2,690,413	0
Revenue Bonds Payable	0	5,033,554	5,033,554	0
Notes Payable	1,142,580	348,000	1,490,580	0
<b>TOTAL LIABILITIES</b>	<b>\$ 13,510,037</b>	<b>\$ 6,067,762</b>	<b>\$ 19,577,799</b>	<b>\$ 167,510</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Defernces between projected and actual earnings onm pension plan	\$ 622,328	\$ 11,824	\$ 634,152	\$ 0
Uncollected Real Estate Taxes	8,457	0	8,457	0
Deferred Revenues	0	0	0	168,763
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 630,785</b>	<b>\$ 11,824</b>	<b>\$ 642,609</b>	<b>\$ 168,763</b>
<b>NET POSITION</b>				
Investment in Capital Assets, Net of Related Debt	53,337,399	19,419,585	72,756,984	0
Restricted For:				
Reserve for Depreciation	0	0	0	0
Sinking Fund Reserve	0	118,700	118,700	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	7,940,328	6,114,354	14,054,682	12,360
<b>TOTAL NET POSITION</b>	<b>\$ 61,277,727</b>	<b>\$ 25,632,639</b>	<b>\$ 86,930,366</b>	<b>\$ 12,360</b>

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



STATEMENT OF ACTIVITIES  
June 30, 2015

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Postion			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	\$ 4,385,125	\$ 0	\$ 0	\$ 0	\$ (4,385,125)		\$ (4,385,125)	
Public Safety	5,640,083	0	0	0	(5,640,083)		(5,640,083)	
Streets	3,300,040	0	0	0	(3,300,040)		(3,300,040)	
Parking Garage	93,267	0	0	0	(93,267)		(93,267)	
Recreation	844,340	0	0	0	(844,340)		(844,340)	
Tourism	341,120	0	0	0	(341,120)		(341,120)	
Lake Cleanup	55,962	0	0	0	(55,962)		(55,962)	
Landscape	101,299	0	0	0	(101,299)		(101,299)	
Grants / Loan Advances	1,435,375	0	0	0	(1,435,375)		(1,435,375)	
Other	7,512	0	0	0	(7,512)		(7,512)	
Total Governmental Funds	<u>\$ 16,204,123</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (16,204,123)</u>		<u>\$ (16,204,123)</u>	
<b>Business-Type Activities</b>								
Water	\$ 2,400,834	\$ 2,708,892	\$ 0	\$ 0		\$ 308,058	\$ 308,058	
Sewer	1,253,041	1,192,585	0	0		(60,456)	(60,456)	
Gas	1,967,441	1,690,044	0	0		(277,397)	(277,397)	
Sanitation	1,260,838	1,392,413	0	0		131,575	131,575	
Outside Water	896,320	720,370	0	0		(175,950)	(175,950)	
Outside Sewer	686,043	652,491	0	0		(33,552)	(33,552)	
Other	2,340	0	0	0		(2,340)	(2,340)	
Total Business-type Activities	<u>\$ 8,466,857</u>	<u>\$ 8,356,795</u>	<u>\$ 0</u>	<u>\$ 0</u>		<u>\$ (110,062)</u>	<u>\$ (110,062)</u>	
Total Primary Government	<u>\$ 24,670,980</u>	<u>\$ 8,356,795</u>	<u>\$ 0</u>	<u>\$ 0</u>				
<b>Component Unit</b>								
SMG Food and Beverage, LLC	<u>\$ 2,384,167</u>	<u>\$ 1,822,481</u>	<u>\$ 0</u>	<u>\$ 0</u>				(561,686)
<b>General Revenues- - Detailed:</b>								
Ad Valorem Taxes					\$ 1,025,983	\$ 0	\$ 1,025,983	\$
Franchise Taxes					737,803	0	737,803	
Occupational License Fees					8,513,179	0	8,513,179	
Other Taxes					1,495,933	0	1,495,933	
Permits and Fees					126,888	0	126,888	
Intergovernmental Revenue					9,315,297	572,407	9,887,704	
Other Grants					411,889	0	411,889	546,804
Interest Income					82,737	26,956	109,693	678
Other					1,247,035	24,985	1,272,020	
Royalties					0	4,077	4,077	
Tourism Contribution for Expo/Jenny Wiley					584,040	0	584,040	
Gain (loss) on disposal of assets					51,282	63,078	114,360	
Transfers					(502,880)	502,880	0	
Total General Revenues, Contributions, Special Items, and Transfers					<u>\$ 23,089,186</u>	<u>\$ 1,194,383</u>	<u>\$ 24,283,569</u>	<u>\$ 547,482</u>
Change in Net Postion					<u>\$ 6,885,063</u>	<u>\$ 1,084,321</u>	<u>\$ 7,969,384</u>	<u>\$ (14,204)</u>
Net Postion - Beginning					60,551,518	24,677,601	85,229,119	26,564
Prior Period Adjustments					(6,158,854)	(109,283)	(6,268,137)	0
Net Postion - Ending					<u>\$ 61,277,727</u>	<u>\$ 25,652,639</u>	<u>\$ 86,930,366</u>	<u>\$ 12,360</u>

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

## CITY OF PIKEVILLE, KENTUCKY

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2015

	General	Coal Severance	Projects Control	Other Government Funds	Total
<b>ASSETS</b>					
Cash and Investments					
Cash	\$ 6,315,943	\$ 350,423	\$ 1,409,303	\$ 265,135	\$ 8,340,804
Certificates of Deposit and Savings	4,380,977	858,617	0	0	5,239,594
Receivables (Net of Allowance for Uncollectibles)					
Taxes	12,826	0	0	0	12,826
Miscellaneous	960,520	0	2,763,137	0	3,723,657
Due From Other Funds	0	0	23	0	23
Prepaid Expenses	458,015	0	0	0	458,015
Escrow - Commercial Air Service	32,426	0	0	0	32,426
Inventories	4,353	0	0	0	4,353
<b>TOTAL ASSETS</b>	<b>\$ 12,165,060</b>	<b>\$ 1,209,040</b>	<b>\$ 4,172,463</b>	<b>\$ 265,135</b>	<b>\$ 17,811,698</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 525,411	\$ 6,364	\$ 2,742,847	\$ 0	\$ 3,274,622
Accrued Expenses	465	0	0	0	465
Customer's Deposit	4,400	0	0	0	4,400
Due From Other Funds	2,423	0	0	0	2,423
<b>TOTAL LIABILITIES</b>	<b>\$ 532,699</b>	<b>\$ 6,364</b>	<b>\$ 2,742,847</b>	<b>\$ 0</b>	<b>\$ 3,281,910</b>
DEFERRED INFLOWS OF RESOURCES	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Uncollected Real Estate Taxes	\$ 8,457	\$ 0	\$ 0	\$ 0	\$ 8,457
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 8,457</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 8,457</b>
<b>FUND BALANCES</b>					
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for:					
Debt Service	0	0	0	149,649	149,649
Committed	0	0	0	0	0
Assigned To:					
Capital Projects	0	0	1,429,616	0	1,429,616
Other Purposes	0	0	0	28,755	28,755
Unrestricted	11,623,904	1,202,676	0	86,731	12,913,311
<b>TOTAL FUND BALANCES</b>	<b>\$ 11,623,904</b>	<b>\$ 1,202,676</b>	<b>\$ 1,429,616</b>	<b>\$ 265,135</b>	<b>\$ 14,521,331</b>
<b>LIABILITIES, DEFERRED INFLOWS     OF RESOURCES AND FUND BALANCES</b>	<b>\$ 12,165,060</b>	<b>\$ 1,209,040</b>	<b>\$ 4,172,463</b>	<b>\$ 265,135</b>	<b>\$ 17,811,698</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, 2015

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 14,521,331

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

City's Proportionate Share of the Net Pension Liability (6,644,322)

Capital Assets used in governmental activities are not financial resources  
and therefore are not reported in the fund statements. 57,543,532

Long-Term Liabilities, including bonds payable, are not due and payable in the  
the current period and therefore are not reported in the funds. (4,142,814)

Total Net Position - Governmental Activities \$ 61,277,727

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, 2015

	General	Coal Severance	Projects Control	Other Funds	Totals
<b>REVENUES</b>					
Ad Valorem Taxes	\$ 1,025,983	\$ 0	\$ 0	\$ 0	1,025,983
Franchise Taxes	737,803	0	0	0	737,803
Occupational License Fees	8,513,179	0	0	0	8,513,179
Other Taxes	1,495,933	0	0	0	1,495,933
Permits and Fees	126,888	0	0	0	126,888
Intergovernmental Revenue	2,110,784	473,207	6,722,384	8,922	9,315,297
Other Grants	18,000	0	393,889	0	411,889
Interest Income	69,354	5,860	6,258	1,265	82,737
Other Revenue	1,136,836	0	0	110,199	1,247,035
Total Revenues	<u>\$ 15,234,760</u>	<u>\$ 479,067</u>	<u>\$ 7,122,531</u>	<u>\$ 120,386</u>	<u>\$ 22,956,744</u>
<b>EXPENDITURES</b>					
<b>CURRENT</b>					
General Government	\$ 4,401,929	\$ 0	\$ 0	\$ 57,495	4,459,424
Public Safety	5,194,347	0	0	0	5,194,347
Streets	2,283,728	0	0	0	2,283,728
Parking Garage	93,267	0	0	0	93,267
Recreation	866,059	0	0	0	866,059
Tourism	363,295	0	0	0	363,295
Lake Cleanup	55,962	0	0	0	55,962
Landscape	101,299	0	0	0	101,299
Eastern Kentucky Exposition Center	0	0	0	0	0
Other	0	0	0	7,512	7,512
Capital Outlay	0	493,428	7,118,420	8,562	7,620,410
Debt Service					
Principal Retirement	0	0	0	364,280	364,280
Interest	0	0	0	121,798	121,798
Grants / Loan Advances	217,297	37,720	0	1,180,358	1,435,375
Total Expenditures	<u>\$ 13,577,183</u>	<u>\$ 531,148</u>	<u>\$ 7,118,420</u>	<u>\$ 1,740,005</u>	<u>\$ 22,966,756</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 1,657,577</u>	<u>\$ (52,081)</u>	<u>\$ 4,111</u>	<u>\$ (1,619,619)</u>	<u>\$ (10,012)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Long-Term Debt	\$ 0	\$ 0	\$ 157,897	\$ 0	157,897
Proceeds from Sale of Fixed Assets	314,368	0	0	0	314,368
Tourism Contribution for Expo/Jenny Wiley	584,040	0	0	0	584,040
Operating Transfers In	59,451	0	716,607	1,690,238	2,466,296
Operating Transfers Out	(1,709,438)	(80,744)	(1,178,994)	0	(2,969,176)
Total Other Financing Sources (Uses)	<u>\$ (751,579)</u>	<u>\$ (80,744)</u>	<u>\$ (304,490)</u>	<u>\$ 1,690,238</u>	<u>\$ 553,425</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</b>					
	\$ 905,998	\$ (132,825)	\$ (300,379)	\$ 70,619	\$ 543,413
FUND BALANCES - BEGINNING OF YEAR	10,717,906	1,335,501	1,729,995	181,475	13,964,877
Prior Period Adjustment	0	0	0	13,041	13,041
FUND BALANCES-END OF YEAR	<u>\$ 11,623,904</u>	<u>\$ 1,202,676</u>	<u>\$ 1,429,616</u>	<u>\$ 265,135</u>	<u>\$ 14,521,331</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, 2015

Net change in fund balances - total governmental funds.	\$ 543,413
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.	9,274,022
The cost of capital assets is allocated over their useful lives and reported as depreciation expense.	(2,449,343)
The net book value of assets sold	(263,086)
Proceeds from Long-Term Debt	(157,897)
Bond Issuance, Discount	(3,486)
Bond Issuance Costs	(3,468)
The repayment of debt principal is an expenditure of government funds, but the repayment reduces long-term debt in the statement of net	364,280
Pension	
Non Hazardous	(114,904)
Hazardous	(357,523)
Other reconciling items	53,055
Change in net position of governmental activities	<u>\$ 6,885,063</u>

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

## CITY OF PIKEVILLE, KENTUCKY

FUND BALANCE SHEET  
PROPRIETARY FUNDS  
June 30, 2015

	Water Fund	Sewer Fund	Gas Fund	Sanitation Fund	Outside Water	Outside Sewer	Utility Deposits	Total
<b>ASSETS</b>								
Cash	\$ 613,434	\$ 316,395	\$ 718,477	\$ 400,637	\$ 86,320	\$ 359,187	\$ 0	\$ 2,494,450
Certificates Of Deposit	301,033	332,162	1,278,801	533,698	237,872	380	0	2,683,946
Customer's Accounts Receivable	229,344	127,634	113,356	121,533	98,074	101,172	0	791,113
Prepaid Expenses	25,394	34,584	10,230	28,459	8,973	11,388	0	119,028
Due From Other Funds	0	0	0	0	11,036	1,485	0	12,521
Bond Issuance Cost	35,864	0	0	0	12,228	22,582	0	70,674
Property, Plant and Equipment	6,838,352	8,134,954	528,838	780,255	1,894,513	6,901,897	0	25,078,809
Restricted Assets:								
Cash	40,604	0	0	0	33,324	140,539	110,397	324,864
Certificates of Deposit	0	0	0	0	52,332	104,488	0	156,820
Other Receivables	0	0	0	0	0	0	0	0
<b>TOTAL ASSETS</b>	<b>\$ 8,084,025</b>	<b>\$ 8,945,729</b>	<b>\$ 2,649,702</b>	<b>\$ 1,864,582</b>	<b>\$ 2,434,672</b>	<b>\$ 7,643,118</b>	<b>\$ 110,397</b>	<b>\$ 31,732,225</b>
<b>LIABILITIES AND NET POSITION</b>								
<b>LIABILITIES</b>								
Accounts Payable	\$ 31,619	\$ 33,364	\$ 59,467	\$ 34,907	\$ 2,847	\$ 3,795	\$ 0	\$ 165,999
Accrued Interest	10,631	0	0	0	16,980	38,741	0	66,352
Due To Other Funds	8,636	1,485	0	0	0	0	0	10,121
Current Portion of Long-Term Debt	130,000	0	0	0	26,900	120,770	0	277,670
Customer's Deposits	0	0	0	0	0	0	60,128	60,128
Net pension liability	33,638	15,404	20,343	18,987	9,141	8,425	0	105,938
Notes Payable	0	0	0	0	0	348,000	0	348,000
Bonds Payable (Net of Discount)	904,602	0	0	0	1,213,158	2,915,794	0	5,033,554
<b>Total Liabilities</b>	<b>\$ 1,119,126</b>	<b>\$ 50,253</b>	<b>\$ 79,810</b>	<b>\$ 53,894</b>	<b>\$ 1,269,026</b>	<b>\$ 3,435,525</b>	<b>\$ 60,128</b>	<b>\$ 6,067,762</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
<i>Differences between projected and</i>								
actual earnings on pension plan	\$ 3,755	\$ 1,719	\$ 2,271	\$ 2,119	\$ 1,020	\$ 940	\$ 0	\$ 11,824
<b>Total Deferred Inflows of Resources</b>	<b>\$ 3,755</b>	<b>\$ 1,719</b>	<b>\$ 2,271</b>	<b>\$ 2,119</b>	<b>\$ 1,020</b>	<b>\$ 940</b>	<b>\$ 0</b>	<b>\$ 11,824</b>
<b>NET POSITION</b>								
Invested in capital Assets,								
net of related debt	\$ 5,803,750	\$ 8,134,954	\$ 528,838	\$ 780,255	\$ 654,455	\$ 3,517,333	\$ 0	\$ 19,419,585
Reserve for Depreciation	0	0	0	0	0	0	0	0
Sinking Fund Reserve	0	0	0	0	18,900	99,800	0	118,700
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	1,157,394	758,803	2,038,783	1,028,314	491,271	589,520	50,269	6,114,354
<b>Total Net Position</b>	<b>\$ 6,961,144</b>	<b>\$ 8,893,757</b>	<b>\$ 2,567,621</b>	<b>\$ 1,808,569</b>	<b>\$ 1,164,626</b>	<b>\$ 4,206,653</b>	<b>\$ 50,269</b>	<b>\$ 25,652,639</b>
<b>TOTAL LIABILITIES AND</b>								
<b>NET POSITION</b>	<b>\$ 8,084,025</b>	<b>\$ 8,945,729</b>	<b>\$ 2,649,702</b>	<b>\$ 1,864,582</b>	<b>\$ 2,434,672</b>	<b>\$ 7,643,118</b>	<b>\$ 110,397</b>	<b>\$ 31,732,225</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, 2015

	Water	Sewer	Gas	Sanitation	Outside Water	Outside Sewer	Utility Deposits	TOTAL
OPERATING REVENUES	\$ 2,708,892	\$ 1,192,585	\$ 1,690,044	\$ 1,392,413	\$ 720,370	\$ 652,491	\$ 0	\$ 8,356,795
OPERATING EXPENSES								
Personnel Costs	\$ 42,511	\$ 19,458	\$ 25,689	\$ 23,828	\$ 11,546	\$ 10,640	\$ 0	\$ 133,672
Gas Purchased	0	0	1,196,955	0	0	0	0	1,196,955
Contractual Services	1,291,776	438,925	507,348	598,566	535,431	181,023	0	3,553,069
Dumping Fees	0	0	0	351,895	0	0	0	351,895
Operational	499,031	228,253	28,055	51,651	157,210	69,842	2,340	1,036,382
Repairs and Maintenance	170,114	196,257	112,003	63,854	82,418	116,982	0	741,628
Bad Debts	(1,727)	(137)	(313)	169	121	193	0	(1,694)
Depreciation	379,791	370,285	97,704	170,875	74,957	222,104	0	1,315,716
Total Operating Expenses	\$ 2,381,496	\$ 1,253,041	\$ 1,967,441	\$ 1,260,838	\$ 861,683	\$ 600,784	\$ 2,340	\$ 8,327,623
Operating Income (Loss)	\$ 327,396	\$ (60,456)	\$ (277,397)	\$ 131,575	\$ (141,313)	\$ 51,707	\$ (2,340)	\$ 29,172
NONOPERATING INCOME (EXPENSES)								
Royalties	\$ 0	\$ 0	\$ 4,077	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,077
Interest Income	3,781	3,346	10,172	4,775	2,086	2,235	561	26,956
Interest Rebate	0	0	0	0	7,144	17,841	0	24,985
Interest Expense	(19,338)	0	0	0	(34,637)	(85,259)	0	(139,234)
Premium (Discount) on Debt Restructuring	0	0	0	0	0	0	0	0
Gain (Loss) on Disposition of Fixed Assets	2,775	0	550	58,953	800	0	0	63,078
Grants	0	572,407	0	0	0	0	0	572,407
Total Nonoperating Income (Expense)	\$ (12,782)	\$ 575,753	\$ 14,799	\$ 63,728	\$ (24,607)	\$ (65,183)	\$ 561	\$ 552,269
NET INCOME (LOSS)(Before Transfers)	\$ 314,614	\$ 515,297	\$ (262,598)	\$ 195,303	\$ (165,920)	\$ (13,476)	\$ (1,779)	\$ 581,441
TRANSFERS								
Operating Transfers In	\$ 255,719	\$ 863,824	\$ 0	\$ 0	\$ 12,005	\$ 96,120	\$ 0	\$ 1,227,668
Operating Transfers (Out)	(9,709)	(697,407)	0	0	(5,665)	(12,007)	0	(724,788)
Total Transfers	\$ 246,010	\$ 166,417	\$ 0	\$ 0	\$ 6,340	\$ 84,113	\$ 0	\$ 502,880
CHANGE IN NET POSITION	\$ 560,624	\$ 681,714	\$ (262,598)	\$ 195,303	\$ (159,580)	\$ 70,637	\$ (1,779)	\$ 1,084,321
NET POSITION - BEGINNING OF YEAR	\$ 6,435,221	\$ 8,227,933	\$ 2,851,205	\$ 1,632,852	\$ 1,333,635	\$ 4,144,707	\$ 52,048	\$ 24,677,601
Prior Period Adjustment	(34,701)	(15,890)	(20,986)	(19,586)	(9,429)	(8,691)	0	(109,283)
NET POSITION - END OF YEAR	\$ 6,961,144	\$ 8,893,757	\$ 2,567,621	\$ 1,808,569	\$ 1,164,626	\$ 4,206,653	\$ 50,269	\$ 25,652,639

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

## CITY OF PIKEVILLE, KENTUCKY

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
June 30, 2015

	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	\$ 2,728,074	\$ 1,166,064	\$ 1,682,686	\$ 1,392,772	\$ 710,179	\$ 636,745	\$ 0	\$ 8,316,520
Cash Received from Other Operating Revenues	60,949	33,176	18,066	6,460	5,410	4,995	0	129,056
Miscellaneous Revenues	0	139	0	0	0	0	0	139
Cash Payments for Personnel Costs	(39,819)	(18,225)	(24,061)	(22,308)	(10,814)	(9,966)	0	(125,193)
Cash Payments for Gas Purchases	0	0	(1,196,955)	0	0	0	0	(1,196,955)
Cash Payments for Contractual Services	(1,291,776)	(438,925)	(507,348)	(598,566)	(535,431)	(181,023)	(3,562)	(3,556,631)
Cash Payments for Other Operating Expenses	(678,150)	(415,771)	(127,718)	(464,731)	(244,390)	(207,858)	0	(2,138,618)
Net Cash Provided by Operating Activities	\$ 779,278	\$ 326,458	\$ (155,330)	\$ 313,627	\$ (75,046)	\$ 242,893	\$ (3,562)	\$ 1,428,318
<b>Cash Flows from Non-Capital Financing Activities</b>								
Operating Transfers In	\$ 255,719	\$ 863,824	\$ 0	\$ 0	\$ 12,005	\$ 96,120	\$ 0	\$ 1,227,668
Operating Transfers (Out)	(9,709)	(697,407)	0	0	(5,665)	(12,007)	0	(724,788)
Grants	0	572,407	0	0	0	0	0	572,407
Increase in Amounts Due Other Funds	(598)	(1,595)	0	0	0	1,595	0	(598)
Other	0	(1)	(2)	0	0	0	0	(3)
Net Cash Flows from Non-Capital Financing Activities	\$ 245,412	\$ 737,228	\$ (2)	\$ 0	\$ 6,340	\$ 85,708	\$ 0	\$ 1,074,686
<b>Cash Flows from Capital Financing Activities</b>								
Interest Expense	\$ (19,963)	\$ 0	\$ 0	\$ 0	\$ (28,307)	\$ (92,026)	\$ 0	\$ (140,296)
Interest Rebate	0	0	0	0	7,144	17,841	0	24,985
Purchase \ Construction of Fixed Assets	(531,961)	(1,158,937)	(135,413)	(305,717)	(3,000)	(82,169)	0	(2,217,197)
Proceeds from Asset Dispositions	0	0	550	58,953	800	0	0	60,303
Bond Issuance Costs	4,727	0	0	0	0	0	0	4,727
Retirement of Principal	(126,924)	0	0	0	(26,736)	(117,674)	0	(271,334)
Net Cash Flows from Capital Financing Activities	\$ (674,121)	\$ (1,158,937)	\$ (134,863)	\$ (246,764)	\$ (50,099)	\$ (274,028)	\$ 0	\$ (2,538,812)
<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	756	0	756
Royalties	0	0	4,077	0	0	0	0	4,077
Interest Income	3,781	3,346	10,172	4,775	2,086	2,235	561	26,956
Net Cash Flows from Investing Activities	\$ 3,781	\$ 3,712	\$ 14,249	\$ 4,775	\$ 2,086	\$ 2,991	\$ 561	\$ 32,155
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 354,350	\$ (91,539)	\$ (275,946)	\$ 71,638	\$ (116,719)	\$ 57,564	\$ (3,001)	\$ (3,653)
Cash and Cash Equivalents at Beginning of Year	600,721	740,096	2,273,224	862,697	526,567	547,030	113,398	5,663,733
Cash and Cash Equivalents at End of Year	\$ 955,071	\$ 648,557	\$ 1,997,278	\$ 934,335	\$ 409,848	\$ 604,594	\$ 110,397	\$ 5,660,080
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATING ACTIVITIES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>								
Income (Loss) from Operations	\$ 327,396	\$ (60,456)	\$ (277,397)	\$ 131,575	\$ (141,313)	\$ 51,707	\$ (2,340)	\$ 29,172
<b>Adjustments to Reconcile Income From Operations to Net Cash Provided by Operating Activities:</b>								
Depreciation and Amortization	379,791	370,285	97,704	170,875	74,957	222,104	0	1,315,716
(Increase) Decrease in								
Customer Accounts Receivable	78,404	6,657	12,158	6,988	(4,660)	(10,558)	0	88,989
(Increase) Decrease in Prepaid Expenses	(2,347)	(3,906)	(1,763)	(3,801)	(49)	(1,144)	0	(13,010)
(Increase) Decrease in Due From Other Funds	0	0	0	0	(1,802)	0	0	(1,802)
Increase (Decrease) in Accounts Payable	(6,658)	12,645	12,340	6,470	(2,911)	(19,890)	0	1,996
Increase (Decrease) in Accrued Expenses	0	0	0	0	0	0	0	0
Increase (Decrease) in Due To Other Funds	0	0	0	0	0	0	0	0
Increase (Decrease) in Customer Deposits	0	0	0	0	0	0	(1,222)	(1,222)
Pension Costs	2,692	1,233	1,628	1,520	732	674	0	8,479
Net Cash Provided by Operating Activities	\$ 779,278	\$ 326,458	\$ (155,330)	\$ 313,627	\$ (75,046)	\$ 242,893	\$ (3,562)	\$ 1,419,839
<b>Noncash Investing, Capital, and Financing Activities:</b>								
Amortization of Bond Discount/Premium	\$ 699	\$ 0	\$ 0	\$ 0	\$ (676)	\$ (1,248)	\$ 0	\$ (1,225)
Total Noncash Investing, Capital, and Financing Activities:	\$ 699	\$ 0	\$ 0	\$ 0	\$ (676)	\$ (1,248)	\$ 0	\$ (1,225)

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



CITY OF PIKEVILLE, KENTUCKY

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2015

	<u>SOAR</u>
ASSETS	
Accounts Receivable	\$       0
TOTAL ASSETS	<u>\$       0</u>
LIABILITIES AND FUND BALANCE	
Accounts Payable	<u>\$       0</u>
TOTAL LIABILITIES	<u>\$       0</u>
Nete Postion Held In Trust	0
TOTAL LIABILITIES AND FUND BALANCE	<u>\$       0</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, 2015

	<u>SOAR</u>
ADDITIONS	
Grant	\$       0
Total Additions	<u>\$       0</u>
Deductions	
Operating	\$   5,000
Total Deductions	<u>\$   5,000</u>
Net Increase (Decrease)	\$   (5,000)
NET POSITION	
Beginning of Year	5,000
End of Year	<u><u>\$       0</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, 2015

ASSETS

Current Assets

Cash on Hand and In Bank	\$	154,302
Accounts receivable - Trade		109,960
Allowance For Bad Debts		0
Accounts receivable - Other		16,844
Inventories		47,977
Prepaid Expenses		19,550
Total Current Assets	\$	348,633

Total Assets	\$	348,633
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$	102,517
Accounts Payable - Other		6,614
Accrued Wages		48,038
Accrued Expenses		10,341
Advance Outlet Sales		61,024
Advance Deposits		1,400
Deferred Income		106,339
Total Current Liabilities	\$	336,273

Members' Equity

Contributed Capital:

Eastern Kentucky Exposition Center Corporation	2,470,861
City of Pikeville, Kentucky	3,676,171

Members' Equity	(6,134,672)
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Total Members' Equity	\$	12,360
Total Liabilities and Members' Equity	\$	348,633

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, 2015

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Rental	\$ 311,967	\$ 228,944	\$ (83,023)
Food and Beverage Concessions	434,897	244,266	(190,631)
Food and Beverage Catering	324,144	365,676	41,532
Novelty & Other Sales	348,580	126,149	(222,431)
Club Seating	10,000	4,833	(5,167)
Advertising and Sponsorship	230,000	279,644	49,644
Tickets	232,355	95,783	(136,572)
Miscellaneous Income	699,712	477,186	(222,526)
<b>TOTAL REVENUE</b>	<b>\$ 2,591,655</b>	<b>\$ 1,822,481</b>	<b>\$ (769,174)</b>
<b>Cost of Good Sold</b>			
Catering	\$ 0	\$ 10,588	\$ (10,588)
Production Materials	0	16,537	(16,537)
Food / Beverage / other - Concessions	111,407	57,869	53,538
Direct Labor - Concessions	93,616	45,104	48,512
Other Direct Costs - Concessions	45,440	40,786	4,654
Food / Beverage / other - Catering	107,016	145,426	(38,411)
Direct Labor - Catering	81,797	70,673	11,124
Other Direct Costs - Catering	1,200	1,616	(416)
Novelty and Costs of Other Sales	306,750	7,067	299,683
Direct Labor - Novelty	0	9,224	(9,224)
Promoter Share	0	95,564	(95,564)
Ticket Service Charge Expense	0	2,422	(2,422)
Other event costs	741,242	141,644	599,598
<b>Total Cost of Goods Sold</b>	<b>\$ 1,488,467</b>	<b>\$ 644,520</b>	<b>\$ 843,947</b>
<b>Gross Profit</b>	<b>\$ 1,103,187</b>	<b>\$ 1,177,961</b>	<b>\$ 74,774</b>
<b>OPERATING EXPENSES</b>			
Personnel Costs	\$ 783,566	\$ 760,365	\$ 23,201
Contractual Service	34,500	71,648	(37,148)
Professional Services	14,452	13,182	1,270
Operational	121,808	244,578	(122,770)
Insurance	40,000	42,396	(2,396)
Advertising	7,000	28,688	(21,688)
Repairs and Maintenance	136,760	61,365	75,395
Supplies	83,850	58,841	25,009
Utilities	354,000	274,089	79,911
Management Fee	182,116	184,495	(2,379)
<b>Total Operating Expenses</b>	<b>\$ 1,758,052</b>	<b>\$ 1,739,647</b>	<b>\$ 18,405</b>
<b>Operating Income (Loss)</b>	<b>\$ (654,865)</b>	<b>\$ (561,686)</b>	<b>\$ 93,179</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income	\$ 500	\$ 678	\$ 178
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ 500</b>	<b>\$ 678</b>	<b>\$ 178</b>
<b>NET INCOME (LOSS)</b>	<b>\$ (654,365)</b>	<b>\$ (561,008)</b>	<b>\$ 93,357</b>
<b>MEMBERS EQUITY</b>			
Beginning of Year		26,564	
Contributions from the City of Pikeville		546,804	
End of Year		<u>\$ 12,360</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, 2015

Cash Flows from Operating Activities:

Cash Received from Rentals	\$	228,944
Cash Received from Food and Beverage		652,932
Cash Received from Ticket Sales / Seating		100,616
Cash Received from Advertising and Sponsorships		229,384
Cash Received from Other Operating Revenues		603,335
Cash Payments for Personnel Costs		(848,967)
Cash Payments for Contractual Services		(84,830)
Cash Payments for Materials and other direct Costs		(510,866)
Cash Payments for Other Operating Expenses		(888,302)
Net Cash Provided By Operating Activities	\$	<u>(517,754)</u>

Cash Flows From Investing Activities

Interest Income	\$	<u>678</u>	
Net Cash Flows From Investing Activities			678

Cash Flow From Financing Activities

			0
Contributions from the City of Pikeville	\$	<u>546,804</u>	
Net Cash Used By Financing Activities			<u>546,804</u>
Net Increase In Cash	\$		<u>29,728</u>

Cash At Beginning of Year		<u>124,574</u>
Cash At End of Year	\$	<u><u>154,302</u></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, 2015

RECONCILIATION OF INCOME (LOSS) FROM  
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Net Income	\$ (561,686)
Adjustments to Reconcile Net Income to Net Cash Provided	
By Operating Activities:	
Allowance For Doubtful Accounts	(2,200)
(Increase) Decrease in:	
Accounts receivable - Trade	(50,260)
Accounts receivable - Other	(4,651)
Inventory	8,653
Prepaid Expenses	(4,296)
Increase (Decrease) in:	
Accounts Payable	21,068
Accounts Payable - Other	(8,374)
Accrued Wages	36,399
Accrued Expenses	(2,248)
Advance Outlet Sales	61,024
Advance Deposits	850
Deferred Income	(12,033)
Net Cash Provided By Operating Activities	<u>\$ (517,754)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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 Housing Authority  
Industrial Development & Economic Authority (IDEA)  
Hillbilly Days Board  
Hatfield & McCoy Heritage Days Executive Committee  
Pikeville Independent School Board  
Pike TV, Inc.

Pikeville Scholar House  
Pikeville Pike County Airport Board  
East Kentucky Exposition Center Corporation  
Pikeville/Pike County/Elkhorn City Joint Planning Commission  
Pikeville/Pike County Public Library  
Pikeville/Pike County Museum Board

2. Committees appointed by the Commissioners

Pikeville Technical Advisory Committee  
Pikeville Board of Ethics  
Pikeville Historical Preservation Board

Pikeville Board of Zoning Adjustments  
Pikeville Tree Board  
Pikeville Vacant Property Review Board

3 – 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, 2015

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3 – 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.

4. 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.

5 - 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.



CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5 - Fund Types and Major Funds (Concluded)

*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.

6 – 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.

- a. 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

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

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

- b. The blended component unit has a June 30 fiscal year end.

The Pikeville Main Street Program, Inc. is a not for profit corporation with the mission is to revitalize the Pikeville City Business District by utilizing a comprehensive strategy which includes organization, promotion, design, and economic restructuring, within the context of historic preservation.

- i. The City pays the salary of the director.
- ii. The City provides office space.
- iii. The Board of directors is partially appointed by the City Commission.
- iv. The entity is financially dependent on the City.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7 - 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

8 - 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, 2015

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9 - 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.

10 - Restricted Assets

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

11 - 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, 2015

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)11 – Reserves (Concluded)

	<u>2015</u>	<u>2014</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	\$ 18,900	\$ 15,120
<u>E) Outside Sewer</u>		
Reserve for Sinking Fund		
Taxable Series 2010S-1	\$ 30,900	\$ 24,720
Taxable Series 2010S-2	18,900	15,120
KIA Loan # A00-03	50,000	50,000
Total Outside Sewer	<u>\$ 99,800</u>	<u>\$ 89,840</u>
Total Reserve for Sinking Fund E	<u>\$ 118,700</u>	<u>\$ 104,960</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	18,900	52,332	33,432
E) Outside Sewer	99,800	162,835	63,035
	<u>\$ 118,700</u>	<u>\$ 215,167</u>	<u>\$ 96,467</u>

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)12 - 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 2015 fiscal year was based, was \$455,613,747 real and \$87,263,480 tangible.

The tax rates assessed for the year ended June 30, 2015 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, 2015 were 98.600% 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, 2015 and 2014 are composed of the following:

<u>Year of Levy</u>	<u>2015 Amount</u>	<u>2014 Amount</u>
2014	\$ 11,196	\$ 0
2013	6,910	11,789
2012	4,820	9,397
2011	5,733	7,600
2010	3,946	5,812
2009	4,567	4,828
2008	3,782	4,057
2007	3,484	3,680
2006	3,761	3,949
2005	3,893	4,122
2004	5,759	5,930
2003	4,385	4,593
2002	5,226	5,254
2001	2,830	2,830
2000	6,010	6,216
1999	5,448	5,497
1998	0	5,660
	<u>\$ 81,750</u>	<u>\$ 91,214</u>
Less: Allowance for doubtful accounts	68,924	73,741
Net Property Taxes Receivable	<u>\$ 12,826</u>	<u>\$ 17,473</u>

## CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)13 - Receivables - Proprietary Funds

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

2015	Gas	Water	Sewer	Sanitation	Outside Water	Outside Sewer	TOTAL
Total Accounts Receivable	\$ 115,510	\$ 233,330	\$ 130,202	\$ 123,825	\$ 100,135	\$ 103,298	\$ 806,300
Less: Allowance for Doubtfull Accounts	2,154	3,986	2,568	2,292	2,061	2,126	15,187
Net Receivables	<u>\$ 113,356</u>	<u>\$ 229,344</u>	<u>\$ 127,634</u>	<u>\$ 121,533</u>	<u>\$ 98,074</u>	<u>\$ 101,172</u>	<u>\$ 791,113</u>

2014	Gas	Water	Sewer	Sanitation	Outside Water	Outside Sewer	TOTAL
Total Accounts Receivable	\$ 127,981	\$ 313,461	\$ 136,996	\$ 130,644	\$ 95,354	\$ 92,547	\$ 896,983
Less: Allowance for Doubtfull Accounts	2,467	5,713	2,705	2,123	1,940	1,933	16,881
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>

14 - 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, 2015 and 2014, respectively was \$112,978 and \$54,309.

15 - 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.

16 - 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.

17 - 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.

18 - 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, 2015

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

19 - 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.

20 - Date of Managements Review

Subsequent events were evaluated through December 4, 2015, which is the date the financial statements were available for review.

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, 2015

NOTE C - LONG-TERM DEBT

The following is a summary of bonds and notes payable of the City for the year ended June 30, 2015.

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	\$ 5,460,000	\$ 0	\$ 395,000	\$ 5,065,000
Plus: Premium	16,526	0	1,924	14,602
Less: Discount	(20,747)	0	(699)	(20,048)
Revenue Bonds	3,228,500	0	56,500	3,172,000
Notes Payable	1,708,382	157,897	182,890	1,683,389
Total	<u>\$ 10,392,661</u>	<u>\$ 157,897</u>	<u>\$ 635,615</u>	<u>\$ 9,914,943</u>

N/P = Note Payable CL = Capitalized Lease



CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE C - LONG-TERM DEBT (Continued)

Bonds and Notes Payable as June 30, 2015 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 \$5,347.50 (2016), \$117,052.50 (2016) and \$3,642.50 (2017) and \$113,642.50 (2017). \$ 345,000

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 \$31,763.13 (2016); \$161,173.13 (2016); \$31,113.13 (2017) and \$166,113.13 (2017). 2,635,000

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 \$47,272.50 (2016); \$17,017.50 (2016); \$47,017.50 (2017) and \$16,762.50 (2017). 1,065,000

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 \$140,631.25 (2016); \$9,331.26 (2016); \$136,331.25 (2017) and \$8,031.25 (2017). 1,020,000

Total General Obligation Bonds \$ 5,065,000

Plus: Premiums 14,602

Less: Discounts (20,048)

Net General Obligation Bonds Payable \$ 5,059,554

Revenue Bonds

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 \$16,042.50 (2016); \$42,042.50 (2016); \$15,750.00 (2017) and \$42,250.00 (2017). \$ 1,426,000

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 \$21,825.00 (2016); \$53,825.00 (2016); \$21,425.00 (2017) and \$53,925.00 (2017). 1,746,000

Total Revenue Bonds \$ 3,172,000

Total Bonds Payable \$ 8,231,554

CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE C - LONG-TERM DEBT (Continued)

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 \$33,777.90 (2016); \$33,748.18 (2016); \$33,718.22 (2017) and \$33,687.98 (2017). \$ 407,669

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 \$5,054.69 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 2016 are \$60,656.28, 2017 are \$60,656.28 and 2018 are \$60,656.28 of principal and interest . 875,720

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 2016 of \$105,700.00 and \$4,275.00 and in 2017 of \$104,275 and \$2,850.00. 400,000

Total \$ 9,914,943

## CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE C - LONG-TERM DEBT (Continued)CURRENT MATURITIES

The maturities of the Bonds Payable are as follows:

Principal Portion

	General Obligation	Revenue Bonds			Business Type	Total
		Water	Outside Sewer	Outside Water		
2016	\$ 240,000	\$ 130,000	\$ 61,100	\$ 26,900	\$ 218,000	\$ 458,000
2017	250,000	130,000	61,150	27,850	219,000	469,000
2018	255,000	135,000	62,650	28,350	226,000	481,000
2019	135,000	140,000	63,650	28,850	232,500	367,500
2020	140,000	140,000	63,800	29,700	233,500	373,500
2021-2025	735,000	345,000	364,700	159,800	869,500	1,604,500
2026-2030	850,000	0	406,600	182,900	589,500	1,439,500
2031-2035	375,000	0	464,650	210,350	675,000	1,050,000
2036-2040	0	0	513,600	223,900	737,500	737,500
2041-2045	0	0	468,000	155,000	623,000	623,000
2046-2050	0	0	460,000	173,500	633,500	633,500
	<u>\$ 2,980,000</u>	<u>\$ 1,020,000</u>	<u>\$ 2,989,900</u>	<u>\$ 1,247,100</u>	<u>\$ 5,257,000</u>	<u>\$ 8,237,000</u>

Interest Portion

	General Obligation Bonds	Revenue Bonds			Total
		Water	Outside Sewer	Outside Water	
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	55,139	10,563	102,498	31,331	199,531
2021-2025	229,354	13,500	331,544	145,384	719,782
2026-2030	133,494	0	282,616	122,559	538,669
2031-2035	17,656	0	225,929	94,968	338,553
2036-2040	0	0	157,321	60,330	217,651
2041-2045	0	0	86,690	33,500	120,190
2046-2051	0	0	32,784	13,119	45,903
Total	<u>\$ 701,135</u>	<u>\$ 93,415</u>	<u>\$ 1,649,013</u>	<u>\$ 632,669</u>	<u>\$ 3,076,232</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE C - LONG-TERM DEBT (Concluded)CURRENT MATURITIES

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

	General Long- Term Debt	Proprietary Funds	Total Principal	Interest	Total
2016	\$ 133,140	\$ 59,670	\$ 192,810	\$ 44,562	\$ 237,372
2017	134,215	60,749	194,964	39,558	234,522
2018	135,325	61,847	197,172	34,499	231,671
2019	873,040	62,965	936,005	9,312	945,317
2020	0	64,104	64,104	2,637	66,741
2021-2025	0	98,335	98,335	1,775	100,110
2026-2030	0	0	0	0	0
Total	<u>\$ 1,275,720</u>	<u>\$ 407,670</u>	<u>\$ 1,683,390</u>	<u>\$ 132,343</u>	<u>\$1,815,733</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 \$124.02. 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.

Branch Banking and Trust Company - Property located at the intersection of Pike Street and Main Street portion of the Parking Lot. Lease shall begin on March 1, 2013 and shall continue for five (5) years until February 28, 2018. So long as Lessee complies with all of the terms and conditions of this Lease the Lessee shall not be required to pay rent for its use of the premises.

The related future minimum lease payments are as follows:

	Payments
2016	\$ 4,621
2017	4,621
2018	4,621
2019	499
2020	3
2021-2025	15
2026-2030	15
	<u>\$ 14,395</u>

## CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE E – CHANGES IN CAPITAL ASSETS

The following is a summary of changes in the Capital Assets as of June 30, 2015.

CHANGES IN FIXED ASSETS – GOVERNMENTAL ACTIVITIESASSETS

Description	Beginning Cost	Additions	Deletions	Ending Cost
Property, Plant, and Equipment	\$ 24,311,712	\$ 6,086,166	\$ 0	\$ 30,397,878
Land	12,530,935	1,599,392	234,963	13,895,364
Vehicles	4,665,964	709,450	214,362	5,161,052
Equipment	4,090,933	326,320	155,438	4,261,815
Infrastructure	44,232,746	158,554	0	44,391,300
Construction In Progress	5,481,866	6,516,854	6,122,714	5,876,006
TOTALS	<u>\$ 95,314,156</u>	<u>\$ 15,396,736</u>	<u>\$ 6,727,477</u>	<u>\$ 103,983,415</u>

ACCUMULATED DEPRECIATION

Description	Beginning Balance	Current Provisions	Deletions	Ending Balance
Property, Plant, and Equipment	\$ 9,081,189	\$ 717,751	\$ 0	\$ 9,798,946
Vehicles	3,851,220	331,442	194,657	3,988,005
Equipment	3,011,749	290,229	147,020	3,154,958
Infrastructure	28,388,059	1,109,915	0	29,497,974
TOTALS	<u>\$ 44,332,217</u>	<u>\$ 2,449,343</u>	<u>\$ 341,677</u>	<u>\$ 46,439,883</u>
NET FIXED ASSETS	<u>\$ 50,981,939</u>			<u>\$ 57,543,532</u>

Depreciation expense was charged to Governmental Activities

General Government	\$ 707,540
Public Safety	295,575
Streets	1,277,148
Recreation and Parks	169,080
Total Depreciation Expense Governmental Activities	<u>\$ 2,449,343</u>

## CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015NOTE 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, 2015.

CHANGES IN FIXED ASSETS - GAS FUNDASSETS

Description	Beginning Cost	Additions	Deletions	Ending Cost
Land	\$ 138,000	\$ 0	\$ 0	\$ 138,000
Plant and Distribution System	2,200,212	3,681	0	2,203,893
Equipment	218,490	47,400	0	265,890
Vehicles	188,185	58,304	21,926	224,563
Construction in Progress	0	26,028	0	26,028
TOTALS	<u>\$ 2,744,887</u>	<u>\$ 135,413</u>	<u>\$ 21,926</u>	<u>\$ 2,858,374</u>

ACCUMULATED DEPRECIATION

Description	Beginning Balance	Current Provisions	Deletions	Ending Balance
Plant and Distribution System	\$ 1,941,404	\$ 56,851	\$ 0	\$ 1,998,255
Equipment	204,717	12,942	0	217,659
Vehicles	107,637	27,911	21,926	113,622
TOTALS	<u>\$ 2,253,758</u>	<u>\$ 97,704</u>	<u>\$ 21,926</u>	<u>\$ 2,329,536</u>
NET FIXED ASSETS	<u>\$ 491,129</u>			<u>\$ 528,838</u>

CHANGES IN FIXED ASSETS - WATERASSETS

Description	Beginning Cost	Additions	Deletions	Ending Cost
Plant and Distribution System	\$ 16,324,474	\$ 0	\$ 0	\$ 16,324,474
Equipment	426,119	0	12,920	413,199
Vehicles	203,671	30,322	24,732	209,261
Construction in Process	0	504,414	0	504,414
TOTALS	<u>\$ 16,954,264</u>	<u>\$ 534,736</u>	<u>\$ 37,652</u>	<u>\$ 17,451,348</u>

ACCUMULATED DEPRECIATION

Description	Beginning Balance	Current Provisions	Deletions	Ending Balance
Plant and Distribution System	\$ 9,703,051	\$ 354,557	\$ 0	\$ 10,057,608
Equipment	407,462	11,922	11,628	407,756
Vehicles	160,344	12,020	24,732	147,632
TOTALS	<u>\$ 10,270,857</u>	<u>\$ 378,499</u>	<u>\$ 36,360</u>	<u>\$ 10,612,996</u>
NET FIXED ASSETS	<u>\$ 6,683,407</u>			<u>\$ 6,838,352</u>

## CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

## NOTE F - PROPRIETARY FUNDS PROPERTY, PLANT AND EQUIPMENT (Continued)

## CHANGES IN FIXED ASSETS – SEWER

ASSETS

Description	Beginning Cost	Additions	Deletions	Ending Cost
Plant and Distribution System	\$ 15,849,749	\$ 78,518	\$ 0	\$ 15,928,267
Equipment	341,446	6,087	0	347,533
Vehicles	143,567	0	0	143,567
Construction In Progress	391,773	1,073,967	0	1,465,740
TOTALS	\$ 16,726,535	\$ 1,158,572	\$ 0	\$ 17,885,107

ACCUMULATED DEPRECIATION

Description	Beginning Balance	Current Provisions	Deletions	Ending Balance
Plant and Distribution System	\$ 8,991,442	\$ 330,494	\$ 0	\$ 9,321,936
Equipment	258,366	26,285	0	284,651
Vehicles	130,060	13,506	0	143,566
TOTALS	\$ 9,379,868	\$ 370,285	\$ 0	\$ 9,750,153
NET FIXED ASSETS	\$ 7,346,667			\$ 8,134,954

## CHANGES IN FIXED ASSETS - SANITATION

ASSETS

Description	Beginning Cost	Additions	Deletions	Ending Cost
Property and Plant	\$ 173,429	\$ 284,198	\$ 0	\$ 457,627
Equipment	408,037	19,950	0	427,987
Vehicles	1,295,525	65,486	286,899	1,074,112
TOTALS	\$ 1,876,991	\$ 369,634	\$ 286,899	\$ 1,959,726

ACCUMULATED DEPRECIATION

Description	Beginning Balance	Current Provisions	Deletions	Ending Balance
Property and Plant	\$ 77,005	\$ 14,689	\$ 0	\$ 91,694
Equipment	299,681	45,752	0	345,433
Vehicles	854,892	110,434	222,982	742,344
TOTALS	\$ 1,231,578	\$ 170,875	\$ 222,982	\$ 1,179,471
NET FIXED ASSETS	\$ 645,413			\$ 780,255

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

## 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	\$ 3,000	\$ 0	\$ 2,134,766
Equipment	77,245	0	9,000	68,245
Vehicles	79,518	0	0	79,518
Construction in progress	0	0	0	0
TOTALS	\$ 2,288,529	\$ 3,000	\$ 9,000	\$ 2,282,529

ACCUMULATED DEPRECIATION

Description	Beginning	Additions	Deletions	Ending
Distribution System	\$ 222,023	\$ 53,345	\$ 0	\$ 275,368
Equipment	60,810	6,935	9,000	58,745
Vehicles	39,226	14,677		53,903
TOTALS	\$ 322,059	\$ 74,957	\$ 9,000	\$ 388,016
NET FIXED ASSETS	\$ 1,966,470			\$ 1,894,513

CHANGES IN FIXED ASSETS – OUTSIDE SEWER

## ASSETS

Description	Beginning	Additions	Deletions	Ending Cost
Distribution System	\$ 7,566,531	\$ 0	\$ 0	\$ 7,566,531
Equipment	151,925	0	0	151,925
Vehicles	36,825	0	0	36,825
Construction in progress	0	82,169	0	82,169
TOTALS	\$ 7,755,281	\$ 82,169	\$ 0	\$ 7,837,450

ACCUMULATED DEPRECIATION

Description	Beginning	Current	Deletions	Ending
Distribution System	\$ 612,642	\$ 191,544	\$ 0	\$ 804,186
Equipment	70,120	24,422	0	94,542
Vehicles	30,687	6,138	0	36,825
TOTALS	\$ 713,449	\$ 222,104	\$ 0	\$ 935,553
NET FIXED ASSETS	\$ 7,041,832			\$ 6,901,897

Net Fixed Assets

Fund	Beginning	Ending
Gas	\$ 491,129	\$ 528,838
Water	6,683,407	6,838,352
Sewer	7,346,667	8,134,954
Sanitation	645,413	780,256
Outside Water	1,966,470	1,894,513
Outside Sewer	7,041,832	6,901,897
	\$ 24,174,918	\$ 25,078,810



NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

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, 2015 and have committed to other projects that will begin in fiscal year end June 30, 2016.

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, 2015

NOTE J - RETIREMENT PLAN**KENTUCKY RETIREMENT SYSTEM - County Employees Retirement System (CERS)**

Plan descriptions: All employees are covered under the County Employees' Retirement System (CERS). CERS is a cost sharing, multi-employer, defined benefit, and public employers' retirement system administered by the Kentucky Retirement Systems. The plan covers substantially all regular fulltime members employed in non-hazardous and hazardous duty positions of each county, city and any additional eligible local agencies electing to participate in the plan. The plan provides for retirement, disability and death benefits to plan members.

CERS operates on a fiscal year ending on June 30 and issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky, 40601, or by calling (502) 564-4646 or at <https://kvret.ky.gov>.

Benefits provided: Benefits under the plan will vary based on final compensation, years of service and other factors as fully described in the plan documents.

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.

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.

Contributions: 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:

Year	Rate – Non-hazardous		Amount	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
2015	5.00%	17.67%	\$96,828	\$315,839
2014	5.00%	18.89%	\$92,820	\$326,563
2013	5.00%	19.55%	\$87,320	\$325,063

  

Year	Rate – Hazardous		Amount	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
2015	8.00%	34.30%	\$130,176	\$558,296
2014	8.00%	35.70%	\$127,182	\$567,551
2013	8.00%	37.60%	\$129,050	\$606,539

  

Year	Total Amount	
	<u>Employee</u>	<u>Employer</u>
2015	\$227,004	\$874,135
2014	\$220,002	\$894,114
2013	\$216,370	\$931,602

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE J - RETIREMENT PLAN (Continued)

The City's payroll subject to retirement withholding for 2015, 2014, and 2013 was \$3,413,765; \$3,554,904 and \$3,487,829 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.

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.

At June 30, 2015, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2014. An expected total pension liability as of June 30, 2014 was determined using standard roll-forward techniques. The City's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2014. At June 30, 2014, the City's proportion was 0.073092% non-hazardous and 0.312571% hazardous.

For the year ended June 30, 2015, the City recognized pension expense of \$480,905. At June 30, 2015, the City reported deferred outflows of resources for City contributions subsequent to the measurement date of \$0 and deferred inflows of resources related to pensions from the net difference between projected and actual earnings on pension plan investments in the amount of \$634,153.

City contributions subsequent to the measurement date of 0 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to CERS will be recognized in pension expense as shown:

Year	Pension Expense
2016	\$ 126,831
2017	126,831
2018	126,831
2019	126,830
2020	126,830
	<u>\$ 634,153</u>

Actuarial Methods and Assumptions: The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2014. The financial reporting actuarial valuation as of June 30, 2014, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2014
Experience Study	July 1, 2005- June 30, 2008
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	30 years
Asset Valuation Method	5-year smoothed market
Inflation	3.5%
Salary Increase	4.5%, average, including inflation
Investment Rate of Return	7.75%, net of pension plan investment expense, including inflation

The rates of mortality for the period after service retirement are according to the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other members. The Group Annuity Mortality Table set forward five years is used for the period after disability retirement. The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for KRS. The most recent analysis, performed for the period covering fiscal years 2005 through 2008, is outlined

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE J - RETIREMENT PLAN (Continued)

in a report dated August 25, 2009. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense, and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by KTRS's investment consultant, are summarized in the table Asset Class:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30.00%	8.45%
International Equity	22.00%	8.85%
Emerging Market Equity	5.00%	10.50%
Private Equity	7.00%	11.25%
Real Estate	5.00%	7.00%
Core U.S. Fixed Income	10.00%	5.25%
High Yield Fixed Income	5.00%	7.25%
Non US Fixed Income	5.00%	5.50%
Commodities	5.00%	7.75%
TIPS	5.00%	5.00%
Cash	1.00%	3.25%
	<u>100.00%</u>	

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 7.75%. The long-term assumed investment rate of return was applied to all periods of projected of benefit payments to determine the total pension liability.

The Schedule of Deferred Inflows and Outflows, and Pension Expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2014, is based on the June 30, 2014, actuarial valuation for the first year of implementation. As a result, there are no differences between expected and actual experience or changes in assumptions subject to amortization. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period.

CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE J - RETIREMENT PLAN (concluded)

*Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate:* The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 %, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 %) or 1-percentage-point higher (8.75 %) than the current rate:

City's proportionate share of the net pension liability:

	1% Decrease (6.75%)	Current discount rate (7.75%)	1% Increase (8.75%)
Non-Hazardous	\$ 2,760,559	\$ 2,371,380	\$ 2,040,068
Hazardous	4,373,063	3,756,556	3,231,717
Total	<u>\$ 7,133,622</u>	<u>\$ 6,127,936</u>	<u>\$ 5,271,785</u>

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report which is publically available at <https://kyret.ky.gov>.

Payables to the pension plan: At June 30, 2015 the City had payables to CERS in the amount of \$0 for June's covered payroll with contributions required to be paid in July.

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:

Year	457	401 (k)
2015	\$ 22,792	\$ 12,955
2014	\$ 20,615	\$ 9,490
2013	\$ 18,485	\$ 4,105

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.

## CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015NOTE M - DEPOSITS WITH FINANCIAL INSTITUTIONS

At June 30, 2015, the carrying amount of the City's deposits with financial institutions was \$19,173,765 and the bank balance, per statements, was \$19,376,819. 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:	4,876,819
Uncollateralized (\$ 0 of this amount is collateralized with securities held by the pledging financial institution):	0
Total Bank Balance	<u>\$ 19,376,819</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%	\$ 9,496,519
General	1 year	0.40%	551,935
General	1 year	0.01%	668,397
Coal Severance	1 year	0.50%	1,098,050
Projects Control	1 year	0.50%	1,409,203
Gas	1 year	0.50%	2,108,268
Water	1 year	0.50%	914,467
Sanitation	1 year	0.50%	934,335
Sewer	1 year	0.50%	745,954
Outside Water	1 year	0.50%	99,320
Outside Water	1 year	0.50%	237,872
Outside Sewer	1 year	0.50%	361,535
<u>Restricted</u>			
General	1 year	0.50%	\$ 25,221
Debt Service	1 year	0.50%	88,836
Debt Service	1 year	0.20%	59,489
Projects Control	1 year	0.01%	0
Water	1 year	0.10%	81,612
Outside Water	1 year	0.10%	34,322
Outside Sewer	1 year	0.10%	0
Outside Sewer	1 year	0.50%	90,375
			<u>\$ 19,005,710</u>

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

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, 2015 through September 30, 2015 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 – Use of 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 (JWT) – Property located 224 Second Street developed as a permanent 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. Lease was terminated on April 13, 2015.

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

O - LEASE AGREEMENTS (concluded)

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.

Stillwater Development, LLC - For city properties located at 773 and 779 Hambley Blvd., Pikeville, KY for the purpose of operating a Irish Brew Pub Restaurant. The term of the lease is for a period of ten (10) years commencing March 1, 2015 and ending March 1, 2025. Rent shall be \$1 paid annually.

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	\$ 124,145
General	Jenny Wiley	Debt Service	194,827
General	Fire Station	Debt Service	48,680
General	Riverfill Seating	Debt Service	137,128
General	Tourism	Operating	1,185,458
General	Projects Control	Fixed Assets	19,200
Coal Severance	Outside Sewer	Fixed Assets	80,744
Projects Control	General	Fixed Assets	59,451
Projects Control	Water	Fixed Assets	255,719
Projects Control	Sewer	Fixed Assets	863,824
Water	Outside Sewer	Debt Service	6,534
Sewer	Projects Control	Fixed Assets	697,407
Water	Outside Sewer	Debt Service	9,709
Outside Sewer	Outside Water	Debt Service	5,565
			<u>\$ 3,688,391</u>

NOTE Q – INTER FUND RECEIVABLES AND PAYABLES

Inter-fund balances at June 30, 2015,

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Purpose</u>	<u>Amount</u>
Projects	General	Fixed Assets	\$ 23
Water	General	Operating	2,400
Outside Water	Water	Operating	11,036
Outside Sewer	Sewer	Operating	1,485
	Total All Funds		<u>\$ 14,944</u>



## CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015NOTE R – PLEDGED REVENUE COVERAGE

Fiscal Year	Revenue Bonds and Notes Payable			
	Gross Revenue	Debt Service Principal	Interest	Coverage
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
2015	6,969,259	270,110	95,765	19.05

NOTE S - PRIOR PERIOD ADJUSTMENTS

	Governmental Activities	Business-Type Activities	Total
Prior period adjustment consists of the District's proportionate share of the net pension liabilities which are required to be included by GASB 67 and 68.			
City's Proportionate Share of the Net Pension Liability	\$ (6,021,994)	\$ (105,938)	\$ (6,127,932)
Deferred Inflows of Resources	(622,328)	(11,824)	(634,152)
Current Year Expense	472,427	8,479	480,906
Net Pension adjustment	\$ (6,171,895)	\$ (109,283)	\$ (6,281,178)
Beginning net assets of the Pikeville Main Street Program, Inc. treated as a blended component unit.			
	13,041	0	13,041
Total	\$ (6,158,854)	\$ (109,283)	\$ (6,268,137)

INDIVIDUAL MAJOR FUND FINANCIAL STATEMENTS

## CITY OF PIKEVILLE, KENTUCKY

## GENERAL FUND

## STATEMENT OF REVENUES AND EXPENDITURES -

## BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED June 30, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Variance Favorable (Unfavorable)
REVENUES				
Ad Valorem Taxes				
Property Taxes	\$ 782,358	\$ 827,358	\$ 871,275	\$ 43,917
Housing Authority Property Tax	23,000	23,000	25,426	2,426
Franchise Bank Deposit Tax	135,500	135,500	129,282	(6,218)
Franchise				
Franchise Tax	35,000	124,000	125,887	1,887
Franchise Fees	460,000	460,000	564,588	104,588
Franchise Cable	47,328	47,328	47,328	0
Occupational License Taxes & Fees				
Payroll Taxes - Individuals	6,900,000	6,900,000	7,563,896	663,896
Business Licenses	600,000	600,000	794,900	194,900
Penalties and Interest	100,000	100,000	154,383	54,383
Other Taxes				
ABC Licenses	200,000	210,000	252,747	42,747
Hotel/Motel Tax	200,000	260,000	252,540	(7,460)
Restaurant Tax	920,000	920,000	990,646	70,646
Permits and Fees				
Building Permits	25,000	25,000	27,452	2,452
Other Permits	6,000	6,000	8,147	2,147
Electrical Inspection Fees	80,000	80,000	91,289	11,289
Grants-Federal				
FEMA	0	54,613	56,895	2,282
FEMA - SAFER	0	10,200	10,245	45
Commercial Air Service	277,970	516,755	507,257	(9,498)
Residential City Land Conservation Grant	0	14,207	14,208	1
Historic Preservation	0	5,000	0	(5,000)
HIDTA	55,000	55,000	38,859	(16,141)
Other Federal Grants	0	0	1,715	1,715

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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Variance Favorable (Unfavorable)
Grants - State				
EMS Grant	0	0	1,865	1,865
KLEPPF Police Incentive	85,212	85,212	91,513	6,301
Police Grant / State Traffic Safety	25,000	25,000	27,297	2,297
Fire Incentive	116,781	108,881	109,441	560
Volunteer Fire Department Allotment	0	0	1,000	1,000
Municipal Road Aid	160,000	160,000	164,767	4,767
Court Citations	7,000	7,000	8,894	1,894
Base Court Revenue	20,000	20,000	16,166	(3,834)
Mineral Tax	500	500	0	(500)
HB 380 SP046 COAL SEVERANCE	0	0	171,869	171,869
HAZARD MITIGATION	0	2,040	0	(2,040)
Historic Preservation Grant	0	0	5,000	5,000
Police Grant	0	10,334	10,335	1
Commercial Air Service: Aviation Grant	670,000	905,245	720,588	(184,657)
Other State Grants	19,900	158,382	152,870	(5,512)
Grants - Local				
Other Local	0	13,000	18,000	5,000
Interest Income				
Penalties & Interest - Property Taxes	6,399	6,914	16,931	10,017
Interest Income	35,000	35,000	52,423	17,423
Other Revenue				
911 Fees	50,000	50,000	61,450	11,450
Fire Employee Fund	1,500	1,500	0	(1,500)
Ambulance Fund	320,000	320,000	323,780	3,780
Parking Violations	15,500	7,500	1,513	(5,987)
Concession and Vending	30,000	30,000	24,176	(5,824)
Swim Team	2,000	2,000	2,510	510
Rent	183,917	147,917	151,918	4,001
Litter Abatement	0	4,210	4,211	1
Parking Garage	108,000	126,000	147,669	21,669
Other Miscellaneous	147,608	214,371	419,609	205,238
TOTAL REVENUES	<u>\$ 12,851,473</u>	<u>\$ 13,814,967</u>	<u>\$ 15,234,760</u>	<u>\$ 1,419,793</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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Variance Favorable (Unfavorable)
EXPENDITURES				
General Government				
Personnel Cost				
Salaries and Wages	\$ 871,000	\$ 753,000	\$ 751,762	\$ 1,238
Payroll Taxes	65,000	55,600	50,140	5,460
Insurance	150,000	133,000	123,765	9,235
Pensions	155,000	119,400	111,296	8,104
Insurance - Workers Comp	5,000	5,600	5,528	72
Rent	13,000	9,000	4,042	4,958
Supplies	56,000	53,500	46,812	6,688
Telephone	59,800	62,200	55,406	6,794
Power, Lights and Heat	88,200	105,200	81,732	23,468
Automotive - Fuel	12,000	12,000	7,299	4,701
Automotive - Repairs & Maintenance	7,000	7,000	5,620	1,380
Insurance	142,000	130,900	126,579	4,321
Advertising	95,000	141,000	140,897	103
Professional Services - Accounting	37,000	36,400	34,475	1,925
Professional Services - Legal	20,000	21,000	20,568	432
Professional Services - Engineering	55,000	137,500	136,677	823
Professional Services - Training	5,000	3,200	955	2,245
Professional Services - Other	106,000	71,588	62,886	8,702
Tax Commissioners Statutory Fee	29,000	29,562	29,562	0
Repairs and Maintenance	23,400	46,100	37,577	8,523
Travel	17,000	17,000	14,198	2,802
Postage and Freight	35,000	35,000	33,990	1,010
Dues and Subscriptions	15,000	20,000	18,094	1,906
Bank Service Charges	5,000	5,000	5,071	(71)
Refunds	71,200	60,400	57,087	3,313
FEMA Peach Orchard Hazard Mitigation	0	64,903	47,158	17,745
Miscellaneous	66,150	79,673	74,476	5,197
Fixed Asset Purchased / Construction	213,976	838,576	936,930	(98,354)
Commercial Air Service	950,000	1,422,000	1,376,588	45,412
Provision for Bad Debts	13,000	13,000	4,759	8,241
Total General Government	<u>\$ 3,380,726</u>	<u>\$ 4,488,302</u>	<u>\$ 4,401,929</u>	<u>\$ 86,373</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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Variance Favorable (Unfavorable)
Public Safety				
Police Department				
Personnel Costs				
Salaries and Wages	\$ 1,125,000	\$ 1,108,000	\$ 1,096,063	\$ 11,937
Payroll Taxes	83,200	83,200	76,532	6,668
Insurance	240,000	210,000	209,111	889
Pensions	360,000	315,000	311,173	3,827
Insurance - Workers Comp	40,000	52,000	51,389	611
Rent	5,000	4,500	3,814	686
Supplies	18,000	21,800	20,991	809
Telephone	23,000	28,000	27,726	274
Power, Lights and Heat	15,000	15,000	11,044	3,956
Automotive - Fuel	85,000	80,650	65,410	15,240
Automotive - Repairs & Maintenance	25,000	33,500	26,301	7,199
Insurance	46,000	39,600	38,170	1,430
Advertising	500	0	0	0
Professional Services	13,500	11,950	10,806	1,144
Professional Services - Training	3,000	1,200	200	1,000
Uniforms	31,800	31,800	21,871	9,929
Repairs and Maintenance	7,750	9,750	8,421	1,329
Travel	8,000	11,100	11,051	49
Postage and Freight	2,000	1,000	463	537
Dues and Subscriptions	1,500	1,500	621	879
D. A. R. E. PROGRAM	4,000	4,300	4,225	75
Miscellaneous	4,600	10,450	9,650	800
Equipment	97,000	133,250	133,045	205
HIDTA Expense	1,800	1,800	827	973
Total Police Department	<u>\$ 2,240,650</u>	<u>\$ 2,209,350</u>	<u>\$ 2,138,904</u>	<u>\$ 70,446</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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Variance Favorable (Unfavorable)
Fire Department				
Personnel Costs				
Salaries and Wages	\$ 1,350,000	\$ 1,352,000	\$ 1,349,556	\$ 2,444
Payroll Taxes	98,000	99,500	94,058	5,442
Insurance	275,000	253,410	253,375	35
Pensions	400,000	375,000	369,549	5,451
Insurance - Workers Comp	36,000	59,400	58,938	462
Supplies	14,500	21,910	20,121	1,789
Telephone	20,000	27,000	25,805	1,195
Power, Lights and Heat	37,000	40,500	37,205	3,295
Automotive - Fuel	25,000	22,628	17,671	4,957
Automotive - Repairs & Maintenance	18,000	19,000	17,799	1,201
Insurance	29,900	29,020	25,273	3,747
Advertising	200	0	0	0
Professional Services	6,500	5,500	3,521	1,979
Professional Services - Training	3,000	1,380	529	851
Uniforms	30,600	28,500	25,656	2,844
Repairs and Maintenance	25,500	30,800	27,412	3,388
Travel	2,000	0	0	0
Postage and Freight	500	700	657	43
Dues and Subscriptions	200	200	0	200
VFD Allotment	6,000	7,472	5,211	2,261
Fire Prevention	2,500	2,500	2,368	132
Miscellaneous	3,000	3,000	2,602	398
Equipment	8,000	19,080	19,069	11
Total Fire Department	<u>\$ 2,391,400</u>	<u>\$ 2,398,500</u>	<u>\$ 2,356,375</u>	<u>\$ 42,125</u>
Ambulance Service				
Personnel Costs	\$ 0	\$ 0	\$ 0	\$ 0
Supplies	20,500	23,300	23,087	213
Telephone	3,500	3,500	3,280	220
Automotive - Fuel	16,500	16,300	9,256	7,044
Automotive - Repairs & Maintenance	10,000	10,000	4,556	5,444
Insurance	10,000	4,390	4,009	381
Professional Services - Training	50,500	51,150	39,025	12,125
Uniforms	2,500	2,600	2,529	71
Repairs and Maintenance	0	500	89	411
Dues and Subscriptions	300	300	300	0
Miscellaneous	0	50	25	25
Refunds	3,000	2,500	1,110	1,390
Equipment	20,500	25,810	25,453	357
Total Ambulance Service	<u>\$ 137,300</u>	<u>\$ 140,400</u>	<u>\$ 112,719</u>	<u>\$ 27,681</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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Variance Favorable (Unfavorable)
Emergency Shelter				
Professional Services	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
Total Emergency Shelter	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
Codes				
Personnel Costs				
Salaries and Wages	\$ 51,000	\$ 67,800	\$ 63,764	\$ 4,036
Payroll Taxes	3,200	4,400	3,923	477
Insurance	16,000	16,000	15,913	87
Pensions	9,000	12,500	11,795	705
Insurance - Workers Comp	500	154	154	0
Supplies	650	1,140	1,021	119
Telephone	1,600	1,800	1,740	60
Automotive - Fuel	5,000	4,000	3,954	46
Automotive - Repairs & Maintenance	2,000	2,700	2,587	113
Insurance	850	806	777	29
Advertising	1,000	700	367	333
Professional Services - Electrical Ins.	80,000	80,000	68,198	11,802
Professional Services	600	600	437	163
Uniforms	600	600	102	498
Travel	700	300	290	10
Dues and Subscriptions	900	700	545	155
Refund of Inspection Fees	500	500	0	500
Equipment	3,000	4,100	4,050	50
Total Codes	\$ 177,100	\$ 198,800	\$ 179,617	\$ 19,183
911				
Telephone	\$ 16,000	\$ 16,000	\$ 14,128	\$ 1,872
Insurance	3,200	3,200	2,933	267
Advertising	500	500	0	500
Professional Services	2,700	1,700	596	1,104
Repairs and Maintenance	25,000	25,000	3,999	21,001
Power, Lights and Heat	2,000	2,000	1,515	485
Equipment	31,500	31,500	16,524	14,976
Total 911	\$ 80,900	\$ 79,900	\$ 39,695	\$ 40,205

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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Variance Favorable (Unfavorable)
Dispatch Service				
Personnel Costs				
Salaries and Wages	\$ 240,000	\$ 236,400	\$ 206,888	\$ 29,512
Payroll Taxes	21,000	17,000	15,271	1,729
Insurance	50,000	46,000	0	46,000
Pensions	45,000	45,000	35,326	9,674
Insurance - Workers Comp	1,150	1,150	40,791	(39,641)
Supplies	2,500	2,500	2,030	470
Telephone	5,000	5,000	4,401	599
Automotive - Fuel	3,500	3,600	2,847	753
Insurance	700	700	581	119
Advertising	300	300	0	300
Professional Services	5,900	13,870	12,467	1,403
Uniforms	5,800	5,800	4,981	819
Repairs and Maintenance	10,200	10,200	4,615	5,585
Travel	2,500	2,500	1,259	1,241
Dues and Subscriptions	11,000	16,500	16,359	141
Miscellaneous	600	600	0	600
Equipment	13,000	14,530	9,221	5,309
Total Dispatch Service	<u>\$ 418,150</u>	<u>\$ 421,650</u>	<u>\$ 357,037</u>	<u>\$ 64,613</u>
Total Public Safety	<u>\$ 5,455,500</u>	<u>\$ 5,458,600</u>	<u>\$ 5,194,347</u>	<u>\$ 264,253</u>
Streets Department				
Power, Lights and Heat	\$ 420,000	\$ 435,000	\$ 419,604	\$ 15,396
Insurance	41,000	36,600	36,435	165
Management Fees - PSG	692,630	692,630	692,609	21
Professional Services	500	500	358	142
Repairs and Maintenance	205,000	468,513	428,787	39,726
Miscellaneous	258,000	447,400	445,099	2,301
Street Construction	500	500	0	500
Equipment	273,500	274,987	260,836	14,151
Total Streets	<u>\$ 1,891,130</u>	<u>\$ 2,356,130</u>	<u>\$ 2,283,728</u>	<u>\$ 72,402</u>
Parking Garage				
Supplies	\$ 250	\$ 250	\$ 0	\$ 250
Telephone	2,900	2,900	2,672	228
Power, Lights and Heat	50,750	52,750	51,278	1,472
Insurance	7,500	6,400	6,304	96
Repairs and Maintenance	19,000	48,280	33,013	15,267
Total Parking Garage	<u>\$ 80,400</u>	<u>\$ 110,580</u>	<u>\$ 93,267</u>	<u>\$ 17,313</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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Variance Favorable (Unfavorable)
Recreation				
Parks Department				
Personnel Costs				
Salaries and Wages	\$ 12,000	\$ 2,000	\$ 1,316	\$ 684
Payroll Taxes	1,200	1,200	98	1,102
Insurance	3,700	1,200	139	1,061
Pensions	2,500	500	133	367
Insurance - Workers Comp	5,500	630	629	1
Supplies	6,800	4,915	2,841	2,074
Telephone	6,600	10,100	9,928	172
Power, Lights and Heat	109,500	114,500	105,549	8,951
Automotive - Fuel	100	0	0	0
Insurance	18,500	16,570	16,430	140
Advertising	100	325	325	0
Professional Services	363,573	365,888	365,859	29
Uniforms	150	150	0	150
Repairs and Maintenance	103,300	91,415	66,843	24,572
Travel	250	250	0	250
Miscellaneous	28,100	23,100	19,072	4,028
Equipment	19,500	211,180	190,799	20,381
Total Parks Department	<u>\$ 681,373</u>	<u>\$ 843,923</u>	<u>\$ 779,961</u>	<u>\$ 63,962</u>
Pool Department				
Personnel Costs				
Salaries and Wages	\$ 4,400	\$ 3,400	\$ 1,650	\$ 1,750
Telephone	1,200	2,500	2,145	355
Power, Lights and Heat	4,800	6,600	6,163	437
Insurance	600	600	0	600
Professional Services	0	200	167	33
Repairs and Maintenance	32,600	31,900	31,826	74
Total Pool Department	<u>\$ 43,600</u>	<u>\$ 45,200</u>	<u>\$ 41,951</u>	<u>\$ 3,249</u>
RV Park				
Power, Lights and Heat	\$ 36,700	\$ 45,700	\$ 40,949	\$ 4,751
Advertising	100	100	0	100
Professional Services	0	150	150	0
Repairs and Maintenance	3,800	3,525	1,223	2,302
Refunds	1,400	1,825	1,825	0
Total RV Park	<u>\$ 42,000</u>	<u>\$ 51,300</u>	<u>\$ 44,147</u>	<u>\$ 7,153</u>
Total Recreation	<u>\$ 766,973</u>	<u>\$ 940,423</u>	<u>\$ 866,059</u>	<u>\$ 74,364</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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Variance Favorable (Unfavorable)
<b>Tourism</b>				
Personnel Costs				
Salaries and Wages	\$ 0	\$ 98,950	\$ 98,503	\$ 447
Payroll Taxes	0	10,340	7,182	3,158
Insurance	0	13,900	12,137	1,763
Pensions	0	17,000	15,047	1,953
Supplies	7,700	6,540	5,443	1,097
Telephone	3,500	4,100	4,098	2
Power, Lights and Heat	0	4,200	3,631	569
Automotive - Fuel	5,000	5,000	4,458	542
Automotive - Repairs & Maintenance	5,000	5,000	2,325	2,675
Insurance	6,700	31,660	31,630	30
Advertising	3,500	5,775	5,771	4
Professional Services - Accounting	800	0	0	0
Professional Services - Training	500	50	50	0
Professional Services - Other	18,100	19,675	19,120	555
Repairs and Maintenance	1,000	1,200	1,161	39
Travel	1,000	1,000	389	611
Dues and Subscriptions	3,500	6,210	6,203	7
Fixed Asset Purchased / Construction	5,300	23,400	22,175	1,225
Miscellaneous	90,300	140,150	123,972	16,178
Total Tourism	<u>\$ 151,900</u>	<u>\$ 394,150</u>	<u>\$ 363,295</u>	<u>\$ 30,855</u>
<b>Lake Cleanup</b>				
Personnel Costs				
Salaries and Wages	\$ 23,000	\$ 23,000	\$ 16,286	\$ 6,714
Payroll Taxes	2,500	2,500	1,186	1,314
Insurance	1,150	1,150	591	559
Pensions	4,100	4,100	2,897	1,203
Insurance - Workers Comp	100	100	69	31
Supplies	700	700	349	351
Insurance	0	600	594	6
Power, Lights and Heat	28,000	28,000	27,675	325
Repairs and Maintenance	5,000	6,250	6,208	42
Miscellaneous	250	250	107	143
Equipment	10,000	3,150	0	3,150
Total Lake Cleanup	<u>\$ 74,800</u>	<u>\$ 69,800</u>	<u>\$ 55,962</u>	<u>\$ 13,838</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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Variance Favorable (Unfavorable)
Landscape				
Insurance	\$ 200	\$ 0	\$ 0	\$ 0
Professional Services	90,737	92,937	92,650	287
Power, Lights and Heat	10,000	9,000	8,649	351
Equipment	1,000	0	0	0
Total Landscape	<u>\$ 101,937</u>	<u>\$ 101,937</u>	<u>\$ 101,299</u>	<u>\$ 638</u>
Grants / Loan Advances				
Pike County Airport Board	\$ 20,000	\$ 21,500	\$ 21,473	\$ 27
Pikeville Main Street Program	50,000	100,500	96,716	3,784
Unite Pike	5,000	5,000	5,000	0
Pike TV	50,000	41,000	39,028	1,972
Jenny Wiley Theater	50,000	59,000	55,080	3,920
Total Grants / Loan Advances	<u>\$ 175,000</u>	<u>\$ 227,000</u>	<u>\$ 217,297</u>	<u>\$ 9,703</u>
Total Expenditures	<u>\$ 12,078,366</u>	<u>\$ 14,146,922</u>	<u>\$ 13,577,183</u>	<u>\$ 569,739</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 773,107</u>	<u>\$ (331,955)</u>	<u>\$ 1,657,577</u>	<u>\$ 850,054</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfer In	\$ 0	\$ 0	\$ 59,451	\$ (59,451)
Operating Transfer Out	(1,573,280)	(1,708,530)	(1,709,438)	(908)
East Kentucky Exposition Center / Tourism	217,407	127,107	584,040	(456,933)
Proceeds from Sale of Fixed Assets	0	288,035	314,368	(26,333)
Total Other Financing Sources (Uses)	<u>\$ (1,355,873)</u>	<u>\$ (1,293,388)</u>	<u>\$ (751,579)</u>	<u>\$ (543,625)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>\$ (582,766)</u>	<u>\$ (1,625,343)</u>	<u>\$ 905,998</u>	<u>\$ (2,531,341)</u>
FUND BALANCE-BEGINNING OF YEAR			10,717,907	
FUND BALANCE-END OF YEAR			<u>\$ 11,623,905</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 460,000	\$ 464,000	\$ 473,207	\$ 9,207
Other Grants	0	0	0	0
Interest Income	5,000	5,000	5,860	860
Other Revenue	0	0	0	0
<b>TOTAL REVENUES</b>	<b>\$ 465,000</b>	<b>\$ 469,000</b>	<b>\$ 479,067</b>	<b>\$ 10,067</b>
<b>EXPENDITURES</b>				
Current				
General Government	\$ 0	\$ 0	\$ 0	\$ 0
Grants / Loan Advances				
Animal Shelter	0	0	0	0
Big Sandy Heritage Center	0	7,720	7,720	0
Senior Citizens Center	30,000	30,000	30,000	0
Capital Outlay	571,900	641,215	493,428	147,787
Debt Service				
Principal	0	0	0	0
Interest	0	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>\$ 601,900</b>	<b>\$ 678,935</b>	<b>\$ 531,148</b>	<b>\$ 147,787</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (136,900)</b>	<b>\$ (209,935)</b>	<b>\$ (52,081)</b>	<b>\$ (137,720)</b>
<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	(80,744)	(80,744)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (80,744)</b>	<b>\$ (80,744)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</b>	<b>\$ (136,900)</b>	<b>\$ (209,935)</b>	<b>\$ (132,825)</b>	<b>\$ 77,110</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			1,335,501	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 1,202,676</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Federal Grants	\$ 828,220	\$ 14,561,320	\$ 0	\$ (14,561,320)
State Grants	25,265	911,348	6,722,384	5,811,036
Other Grants	300,000	393,889	393,889	0
Interest	0	0	6,258	6,258
Miscellaneous	250,000	158,871	0	(158,871)
Total Revenues	<u>\$ 1,403,485</u>	<u>\$ 16,025,428</u>	<u>\$ 7,122,531</u>	<u>\$ (8,902,897)</u>
<b>EXPENDITURES</b>				
Miscellaneous	\$ 0	\$ 0	\$ 0	\$ 0
Capital Outlay	1,695,152	16,282,545	7,118,420	9,164,125
Debt Service				
Principal	0	0	0	0
Interest	0	0	0	0
Total Expenditures	<u>\$ 1,695,152</u>	<u>\$ 16,282,545</u>	<u>\$ 7,118,420</u>	<u>\$ 9,164,125</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ (291,667)</u>	<u>\$ (257,117)</u>	<u>\$ 4,111</u>	<u>\$ (18,067,022)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds From Long-Term Debt	\$ 0	\$ 157,898	\$ 157,897	\$ (1)
Bond Issuance, Discount	0	0	0	0
Operating Transfers In	291,667	175,665	716,607	540,942
Operating Transfers Out	0	(76,446)	(1,178,994)	(1,102,548)
Total Other Financing Sources (Uses)	<u>\$ 291,667</u>	<u>\$ 257,117</u>	<u>\$ (304,490)</u>	<u>\$ (561,607)</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (300,379)</u>	<u>\$ (18,628,629)</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			1,729,995	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 1,429,616</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Water Sales	\$ 2,592,233	\$ 2,652,233	\$ 2,647,943	\$ 4,290
Service Charges	10,000	10,000	24,490	(14,490)
Penalties and Services	26,000	26,000	22,998	3,002
Water Tap Fees	20,000	20,000	13,270	6,730
Miscellaneous	0	0	191	(191)
<b>TOTAL REVENUE</b>	<b>\$ 2,648,233</b>	<b>\$ 2,708,233</b>	<b>\$ 2,708,892</b>	<b>\$ (659)</b>
<b>OPERATING EXPENSES</b>				
Personnel Costs	\$ 55,250	\$ 55,250	\$ 42,511	\$ 12,739
Contractual Service	1,258,063	1,344,063	1,291,776	52,287
Operational	607,374	621,269	499,031	122,238
Repairs and Maintenance	241,918	203,023	170,114	32,909
Provision For Bad Debts	3,000	3,000	(1,727)	4,727
Depreciation	423,958	435,958	379,791	56,167
<b>Total Operating Expenses</b>	<b>\$ 2,589,563</b>	<b>\$ 2,662,563</b>	<b>\$ 2,381,496</b>	<b>\$ 281,067</b>
<b>Operating Income (Loss)</b>	<b>\$ 58,670</b>	<b>\$ 45,670</b>	<b>\$ 327,396</b>	<b>\$ (281,726)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Income	\$ 4,551	\$ 4,551	\$ 3,781	\$ 770
Interest Expense	(22,513)	(22,513)	(19,338)	(3,175)
Premium (Discount) on Debt Restructuring	0	0	0	0
Gain (Loss) on Disposition	0	0	2,775	(2,775)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ (17,962)</b>	<b>\$ (17,962)</b>	<b>\$ (12,782)</b>	<b>\$ (5,180)</b>
<b>NET INCOME (LOSS)(Before Transfers)</b>	<b>\$ 40,708</b>	<b>\$ 27,708</b>	<b>\$ 314,614</b>	<b>\$ (286,906)</b>
<b>TRANSFERS</b>				
Operating Transfers In	\$ 0	\$ 0	\$ 255,719	\$ (255,719)
Operating Transfers (Out)	(4,500)	(4,500)	(9,709)	5,209
<b>Total Transfers</b>	<b>\$ (4,500)</b>	<b>\$ (4,500)</b>	<b>\$ 246,010</b>	<b>\$ (250,510)</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 36,208</b>	<b>\$ 23,208</b>	<b>\$ 560,624</b>	<b>\$ (537,416)</b>
<b>NET POSITION - BEGINNING OF YEAR</b>			6,435,221	
<b>Prior Period Adjustment</b>			(34,701)	
<b>NET POSITION - END OF YEAR</b>			<u>\$ 6,961,144</u>	

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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Sewer Service Charges	\$ 1,142,334	\$ 1,142,334	\$ 1,159,270	\$ 16,936
Penalties and Services	5,000	5,000	6,326	1,326
Water and Sewer Tap Fees	20,000	28,000	26,850	(1,150)
Miscellaneous Revenues	0	0	139	139
<b>TOTAL REVENUE</b>	<b>\$ 1,167,334</b>	<b>\$ 1,175,334</b>	<b>\$ 1,192,585</b>	<b>\$ 17,251</b>
<b>OPERATING EXPENSES</b>				
Personnel Costs	\$ 26,500	\$ 26,500	\$ 19,458	\$ 7,042
Contractual Service	425,269	449,099	438,925	10,174
Operational	246,450	256,515	228,253	28,262
Repairs and Maintenance	212,998	212,602	196,257	16,345
Provision For Bad Debts	3,300	3,300	(137)	3,437
Depreciation	391,861	388,739	370,285	18,454
<b>Total Operating Expenses</b>	<b>\$ 1,306,378</b>	<b>\$ 1,336,755</b>	<b>\$ 1,253,041</b>	<b>\$ 83,714</b>
<b>Operating Income (Loss)</b>	<b>\$ (139,044)</b>	<b>\$ (161,421)</b>	<b>\$ (60,456)</b>	<b>\$ 100,965</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Income	\$ 2,050	\$ 2,050	\$ 3,346	\$ 1,296
Interest Expense	0	0	0	0
Premium (Discount) on Debt Restructuring	0	0	0	0
Gain (Loss) on Disposition	0	0	0	0
Grants	0	0	572,407	572,407
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ 2,050</b>	<b>\$ 2,050</b>	<b>\$ 575,753</b>	<b>\$ 573,703</b>
<b>NET INCOME (LOSS) Before Transfers</b>	<b>\$ (136,994)</b>	<b>\$ (159,371)</b>	<b>\$ 515,297</b>	<b>\$ 674,668</b>
<b>TRANSFERS</b>				
Operating Transfers In	\$ 0	\$ 0	\$ 863,824	\$ 863,824
Operating Transfers (Out)	(96,167)	(125,000)	(697,407)	(572,407)
<b>Total Transfers</b>	<b>\$ (96,167)</b>	<b>\$ (125,000)</b>	<b>\$ 166,417</b>	<b>\$ 291,417</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (233,161)</b>	<b>\$ (284,371)</b>	<b>\$ 681,714</b>	<b>\$ 966,085</b>
<b>NET POSITION - BEGINNING OF YEAR</b>			8,227,933	
Prior Period Adjustment			(15,890)	
<b>NET POSITION - END OF YEAR</b>			<b>\$ 8,893,757</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Gas Sales	\$ 1,465,500	\$ 1,544,396	\$ 1,670,215	\$ 125,819
Penalties & Service Charges	7,100	7,100	7,079	(21)
Tap Fees	5,000	6,950	12,750	5,800
Miscellaneous	0	0	0	0
<b>TOTAL REVENUES</b>	<b>\$ 1,477,600</b>	<b>\$ 1,558,446</b>	<b>\$ 1,690,044</b>	<b>\$ 131,598</b>
<b>OPERATING EXPENSES</b>				
Personnel Costs	31,459	31,459	\$ 25,689	5,770
Gas Purchased	897,041	1,287,536	1,196,955	90,581
Contractual Services	497,217	517,222	507,348	9,874
Operational	40,400	37,795	28,055	9,740
Repairs and Maintenance	76,100	116,101	112,003	4,098
Bad Debts	2,300	2,300	(313)	2,613
Depreciation	115,377	127,377	97,704	29,673
<b>Total Operating Expenses</b>	<b>\$ 1,659,894</b>	<b>\$ 2,119,790</b>	<b>\$ 1,967,441</b>	<b>\$ 152,349</b>
<b>Operating Income</b>	<b>\$ (182,294)</b>	<b>\$ (561,344)</b>	<b>\$ (277,397)</b>	<b>\$ 283,947</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Royalties	\$ 1,800	\$ 1,800	\$ 4,077	\$ 2,277
Interest Revenue	9,900	9,900	10,172	272
Interest Expense	0	0	0	0
Gain (Loss) on Disposition of Assets	0	0	550	550
<b>Total Nonoperating Revenue (Expense)</b>	<b>\$ 11,700</b>	<b>\$ 11,700</b>	<b>\$ 14,799</b>	<b>\$ 3,099</b>
<b>NET INCOME (LOSS) Before Transfers</b>	<b>\$ (170,594)</b>	<b>\$ (549,644)</b>	<b>\$ (262,598)</b>	<b>\$ 287,046</b>
<b>TRANSFERS</b>				
Operating Transfers In	\$ 0	\$ 0	\$ 0	\$ 0
Operating Transfers (Out)	(4,500)	(4,500)	0	4,500
<b>Total Transfers</b>	<b>\$ (4,500)</b>	<b>\$ (4,500)</b>	<b>\$ 0</b>	<b>\$ 4,500</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (175,094)</b>	<b>\$ (554,144)</b>	<b>\$ (262,598)</b>	<b>\$ 291,546</b>
<b>NET POSITION - BEGINNING OF YEAR</b>			2,851,205	
<b>Prior Period Adjustment</b>			(20,986)	
<b>NET POSITION - END OF YEAR</b>			<b>\$ 2,567,621</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Garbage Fees	\$ 1,308,000	\$ 1,324,500	\$ 1,385,953	\$ 61,453
Penalties	6,000	6,000	6,460	460
Miscellaneous	0	0	0	0
Total Revenues	<u>\$ 1,314,000</u>	<u>\$ 1,330,500</u>	<u>\$ 1,392,413</u>	<u>\$ 61,913</u>
<b>EXPENSES</b>				
Personnel Costs	\$ 30,900	\$ 30,900	\$ 23,828	\$ 7,072
Contractual Services	604,305	606,265	598,566	7,699
Operational	45,000	63,200	51,651	11,549
Repairs and Maintenance	70,000	93,640	63,854	29,786
Dumping Fees	365,000	365,000	351,895	13,105
Bad Debts	1,400	1,400	169	1,231
Depreciation	195,636	221,036	170,875	50,161
Total Expenses	<u>\$ 1,312,241</u>	<u>\$ 1,381,441</u>	<u>\$ 1,260,838</u>	<u>\$ 120,603</u>
Operating Income	<u>\$ 1,759</u>	<u>\$ (50,941)</u>	<u>\$ 131,575</u>	<u>\$ 182,516</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Income	\$ 3,350	\$ 3,350	\$ 4,775	\$ 1,425
Interest Expense	0	0	0	0
Gain (Loss) on Disposition	0	52,900	58,953	0
Grant	0	0	0	0
Total Nonoperating Revenues	<u>\$ 3,350</u>	<u>\$ 56,250</u>	<u>\$ 63,728</u>	<u>\$ 1,425</u>
NET INCOME (LOSS) Before Transfers	<u>\$ 5,109</u>	<u>\$ 5,309</u>	<u>\$ 195,303</u>	<u>\$ 183,941</u>
<b>TRANSFERS</b>				
Operating Transfers In	\$ 0	\$ 0	\$ 0	\$ 0
Operating Transfers (Out)	(4,500)	(4,500)	0	4,500
Total Transfers	<u>\$ (4,500)</u>	<u>\$ (4,500)</u>	<u>\$ 0</u>	<u>\$ 4,500</u>
CHANGE IN NET POSITION	<u>\$ 609</u>	<u>\$ 809</u>	<u>\$ 195,303</u>	<u>\$ 188,441</u>
NET POSITION - BEGINNING OF YEAR			1,632,852	
Prior Period Adjustment			(19,586)	
NET POSITION - END OF YEAR			<u>\$ 1,808,569</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Water Sales	\$ 740,800	\$ 740,800	\$ 714,960	\$ (25,840)
Penalties & Service Charges	5,500	5,500	5,410	(90)
Tap Fees	0	0	0	0
Miscellaneous	0	0	0	0
<b>TOTAL REVENUES</b>	<b>\$ 746,300</b>	<b>\$ 746,300</b>	<b>\$ 720,370</b>	<b>\$ (25,930)</b>
<b>OPERATING EXPENSES</b>				
Personnel Costs	\$ 15,870	\$ 15,870	\$ 11,546	\$ 4,324
Contractual Services	579,445	578,245	535,431	42,814
Operational	169,179	179,379	157,210	22,169
Repairs and Maintenance	86,382	107,382	82,418	24,964
Bad Debts	1,000	1,000	121	879
Depreciation	75,000	75,000	74,957	43
<b>Total Operating Expenses</b>	<b>\$ 926,876</b>	<b>\$ 956,876</b>	<b>\$ 861,683</b>	<b>\$ 95,193</b>
<b>Operating Income</b>	<b>\$ (180,576)</b>	<b>\$ (210,576)</b>	<b>\$ (141,313)</b>	<b>\$ 69,263</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Revenue	\$ 2,247	\$ 2,247	\$ 2,086	\$ (161)
Interest Rebate	0	0	7,144	7,144
Grants	0	0	0	0
Interest Expense	(26,970)	(28,556)	(34,637)	(6,081)
Gain (Loss) on Disposition of Assets	0	0	800	800
<b>Total Nonoperating Revenue (Expense)</b>	<b>\$ (24,723)</b>	<b>\$ (26,309)</b>	<b>\$ (24,607)</b>	<b>\$ 1,702</b>
<b>NET INCOME (LOSS) Before Transfers</b>	<b>\$ (205,299)</b>	<b>\$ (236,885)</b>	<b>\$ (165,920)</b>	<b>\$ 70,965</b>
<b>TRANSFERS</b>				
Operating Transfers In	0	0	12,005	12,005
Operating Transfers (Out)	(4,500)	(2,914)	(5,665)	(2,751)
<b>Total Transfers</b>	<b>\$ (4,500)</b>	<b>\$ (2,914)</b>	<b>\$ 6,340</b>	<b>\$ 9,254</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (209,799)</b>	<b>\$ (239,799)</b>	<b>\$ (159,580)</b>	<b>\$ 80,219</b>
<b>NET POSITION - BEGINNING OF YEAR</b>			1,333,635	
Prior Period Adjustment			(9,429)	
<b>NET POSITION - END OF YEAR</b>			<b>\$ 1,164,626</b>	

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, 2015

	Original Budget	Final Budget	Actual	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>				
Sewer Service Charges	\$ 668,000	\$ 668,000	\$ 647,496	\$ (20,504)
Penalties & Service Charges	4,000	4,000	4,995	995
Water and Sewer Tap Fees	500	500	0	(500)
Miscellaneous Revenues	0	0	0	0
Total Revenues	<u>\$ 672,500</u>	<u>\$ 672,500</u>	<u>\$ 652,491</u>	<u>\$ (20,009)</u>
<b>EXPENSES</b>				
Personnel Costs	\$ 15,130	\$ 15,030	\$ 10,640	\$ (4,390)
Contractual Services	188,592	185,142	181,023	4,119
Operational	87,416	82,107	69,842	12,265
Repairs and Maintenance	96,902	121,261	116,982	4,279
Bad Debts	2,000	2,000	193	1,807
Depreciation	221,638	222,138	222,104	34
Total Expenses	<u>\$ 611,678</u>	<u>\$ 627,678</u>	<u>\$ 600,784</u>	<u>\$ 18,114</u>
Operating Income	<u>\$ 60,822</u>	<u>\$ 44,822</u>	<u>\$ 51,707</u>	<u>\$ 6,885</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Income	\$ 2,152	\$ 2,152	\$ 2,235	\$ 83
Interest Rebate	0	0	17,841	17,841
Grants	0	0	0	0
Interest Expense	(66,317)	(70,234)	(85,259)	(15,025)
Gain (Loss) on Disposition of Fixed Assets	0	0	0	0
Total Nonoperating Revenues	<u>\$ (64,165)</u>	<u>\$ (68,082)</u>	<u>\$ (65,183)</u>	<u>\$ 2,899</u>
NET INCOME (LOSS) Before Transfe	<u>\$ (3,343)</u>	<u>\$ (23,260)</u>	<u>\$ (13,476)</u>	<u>\$ 9,784</u>
<b>TRANSFERS</b>				
Operating Transfers In	\$ 0	\$ 0	\$ 96,120	\$ 96,120
Operating Transfers (Out)	(4,500)	(1,586)	(12,007)	(10,421)
Total Transfers	<u>\$ (4,500)</u>	<u>\$ (1,586)</u>	<u>\$ 84,113</u>	<u>\$ 85,699</u>
CHANGE IN NET POSITION	<u>\$ (7,843)</u>	<u>\$ (24,846)</u>	<u>\$ 70,637</u>	<u>\$ 95,483</u>
NET POSITION - BEGINNING OF YEAR			4,144,707	
Prior Period Adjustment			(8,691)	
NET POSITION - END OF YEAR			<u>\$ 4,206,653</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, 2015

	Debt Service - Football		Debt Service Jenny Wiley Construction	Fire Station Debt Service	River Fill Seating Debt Service	Tourism / Conventio	Detective Arrest - Federal	State Police Case	Main Street	Cash Flow	Total Other Governmental Funds
<b>ASSETS</b>											
Cash and Investments											
Cash	\$ 1,325	\$ 0	\$ 65,095	\$ 23,740	\$ 59,489	\$ 6,406	\$ 23,903	\$ 4,852	\$ 67,187	\$ 13,138	\$ 265,135
Certificates of Deposit and Savings	0	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	0
Accounts	0	0	0	0	0	0	0	0	0	0	0
Due From Other Funds	0	0	0	0	0	0	0	0	0	0	0
Prepaid Expenses	0	0	0	0	0	0	0	0	0	0	0
Escrow - Commercial Air Service	0	0	0	0	0	0	0	0	0	0	0
Inventories	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL ASSETS</b>	<u>\$ 1,325</u>	<u>\$ 0</u>	<u>\$ 65,095</u>	<u>\$ 23,740</u>	<u>\$ 59,489</u>	<u>\$ 6,406</u>	<u>\$ 23,903</u>	<u>\$ 4,852</u>	<u>\$ 67,187</u>	<u>\$ 13,138</u>	<u>\$ 265,135</u>
<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	\$ 0
Accrued Expenses	0	0	0	0	0	0	0	0	0	0	0
Customer's Deposit	0	0	0	0	0	0	0	0	0	0	0
Due From Other Funds	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL LIABILITIES</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Uncollected Real Estate Taxes</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>FUND BALANCES</b>											
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for:											
Debt Service	1,325	0	65,095	23,740	59,489	0	0	0	0	0	149,649
Committed	0	0	0	0	0	0	0	0	0	0	0
Assigned To:											
Capital Projects	0	0	0	0	0	0	0	0	0	0	0
Other Purposes	0	0	0	0	0	0	23,903	4,852	0	0	28,755
Unrestricted	0	0	0	0	0	6,406	0	0	67,187	13,138	86,731
<b>TOTAL FUND BALANCES</b>	<u>\$ 1,325</u>	<u>\$ 0</u>	<u>\$ 65,095</u>	<u>\$ 23,740</u>	<u>\$ 59,489</u>	<u>\$ 6,406</u>	<u>\$ 23,903</u>	<u>\$ 4,852</u>	<u>\$ 67,187</u>	<u>\$ 13,138</u>	<u>\$ 265,135</u>
<b>LIABILITIES, DEFERRED INFLOWS     OF RESOURCES AND FUND BALANCES</b>	<u>\$ 1,325</u>	<u>\$ 0</u>	<u>\$ 65,095</u>	<u>\$ 23,740</u>	<u>\$ 59,489</u>	<u>\$ 6,406</u>	<u>\$ 23,903</u>	<u>\$ 4,852</u>	<u>\$ 67,187</u>	<u>\$ 13,138</u>	<u>\$ 265,135</u>

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, 2015

	Football debt Service	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
Franchise Taxes	0	0	0	0	0	0	0	0	0	0
Occupational License Fees	0	0	0	0	0	0	0	0	0	0
Other Taxes	0	0	0	0	0	0	0	0	0	0
Permits and Fees	0	0	0	0	0	0	0	0	0	0
Intergovernmental Revenue	0	0	0	0	0	6,347	2,575	0	0	8,922
Other Grants	0	0	0	0	0	0	0	0	0	0
Interest Income	0	335	76	177	44	126	6	0	501	1,265
Other Revenue	0	0	0	0	0	0	0	110,199	0	110,199
<b>Total Revenues</b>	<b>\$ 0</b>	<b>\$ 335</b>	<b>\$ 76</b>	<b>\$ 177</b>	<b>\$ 44</b>	<b>\$ 6,473</b>	<b>\$ 2,581</b>	<b>\$ 110,199</b>	<b>\$ 501</b>	<b>\$ 120,386</b>
<b>EXPENDITURES</b>										
<b>CURRENT</b>										
General Government	\$ 60	\$ 61	\$ 130	\$ 0	\$ 1,104	\$ 0	\$ 0	\$ 56,140	\$ 0	\$ 57,495
Public Safety	0	0	0	0	0	0	0	0	0	0
Streets	0	0	0	0	0	0	0	0	0	0
Parking Garage	0	0	0	0	0	0	0	0	0	0
Recreation	0	0	0	0	0	0	0	0	0	0
Tourism	0	0	0	0	0	0	0	0	0	0
Lake Cleanup	0	0	0	0	0	0	0	0	0	0
Landscape	0	0	0	0	0	0	0	0	0	0
Eastern Kentucky Exposition Center	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	7,512	7,512
Capital Outlay	0	0	0	0	0	8,562	0	0	0	8,562
Debt Service										
Principal Retirement	110,000	130,000	24,280	100,000	0	0	0	0	0	364,280
Interest	14,105	64,826	27,549	15,318	0	0	0	0	0	121,798
Grants / Loan Advances	0	0	0	0	1,180,358	0	0	0	0	1,180,358
<b>Total Expenditures</b>	<b>\$ 124,165</b>	<b>\$ 194,887</b>	<b>\$ 51,959</b>	<b>\$ 115,318</b>	<b>\$ 1,181,462</b>	<b>\$ 8,562</b>	<b>\$ 0</b>	<b>\$ 56,140</b>	<b>\$ 7,512</b>	<b>\$ 1,740,005</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (124,165)</b>	<b>\$ (194,552)</b>	<b>\$ (51,883)</b>	<b>\$ (115,141)</b>	<b>\$ (1,181,418)</b>	<b>\$ (2,089)</b>	<b>\$ 2,581</b>	<b>\$ 54,059</b>	<b>\$ (7,011)</b>	<b>\$ (1,619,619)</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from Long-Term Debt	\$ 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
Bond Issuance, Discount	0	0	0	0	0	0	0	0	0	0
Operating Transfers In	124,145	194,827	48,680	137,128	1,185,458	0	0	0	0	1,690,238
Operating Transfers Out	0	0	0	0	0	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 124,145</b>	<b>\$ 194,827</b>	<b>\$ 48,680</b>	<b>\$ 137,128</b>	<b>\$ 1,185,458</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,690,238</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</b>	<b>\$ (20)</b>	<b>\$ 275</b>	<b>\$ (3,203)</b>	<b>\$ 21,987</b>	<b>\$ 4,040</b>	<b>\$ (2,089)</b>	<b>\$ 2,581</b>	<b>\$ 54,059</b>	<b>\$ (7,011)</b>	<b>\$ 70,619</b>
<b>FUND BALNCES - BEGINNING OF YEAR</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>Prior Period Adjustment</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,041</b>	<b>0</b>	<b>13,041</b>
<b>FUND BALANCES-END OF YEAR</b>	<b>\$ 1,325</b>	<b>\$ 65,095</b>	<b>\$ 23,740</b>	<b>\$ 59,489</b>	<b>\$ 6,406</b>	<b>\$ 23,903</b>	<b>\$ 4,852</b>	<b>\$ 67,187</b>	<b>\$ 13,138</b>	<b>\$ 265,135</b>

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

REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*



**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  
Johnny K. White, CPA

606-432-8833  
FAX 606-432-8466

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 the City of Pikeville, Kentucky, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Pikeville, Kentucky's basic financial statements, and have issued our report thereon dated December 4, 2015.

**Internal Control over Financial Reporting**

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

To the Board of Commissioners  
City of Pikeville, Kentucky

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**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.S.C.*

Certified Public Accountants  
Pikeville, Kentucky

December 4, 2015

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

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

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Johnny K. White, CPA

606-432-8833  
FAX 606-432-8466

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 the 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 the City of Pikeville, Kentucky's major federal programs for the year ended June 30, 2015. 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 the 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 the 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 the City of Pikeville, Kentucky's compliance.

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

In our opinion, the 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, 2015.

To the Board of Commissioners  
City of Pikeville, Kentucky

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### Report on Internal Control over Compliance

Management of the 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 the 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 the 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

December 4, 2015

## CITY OF PIKEVILLE, KENTUCKY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015

<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	1,426,000
Loan # 93-18	10.760	N/A	1,746,000
Total U.S. Department of Agriculture			<u>\$ 3,172,000</u>
<b><u>U. S. DEPARTMENT OF COMMERCE</u></b>			
Economic Development Grant	11.302	N/A	\$ 25,000
Total U. S. Department of Commerce			<u>\$ 25,000</u>
<b><u>US Army Corps of Engineers</u></b>			
Sewer Plant - PRIDE	12.000	N/A	\$ 177,653
Thompson Road	12.000	N/A	35,659
Total US Army Corps Of Engineers			<u>\$ 213,312</u>
<b><u>U. S. DEPARTMENT OF THE INTERIOR</u></b>			
Land and Conservation Fund Act-Horse Riding Trail	15.916	N/A	\$ 14,208
Total U. S. Department of the Interior			<u>\$ 14,208</u>
<b><u>U. S. DEPARTMENT OF TRANSPORTATION</u></b>			
Small Community Air Service Grant	20.930	PO2 615 1500001767 1	\$ 507,257
Kentucky Department of Transportation			
Distracting Driving Grant	20.205	N/A	\$ 1,715
Highway Safety Grant	20.601	N/A	27,297
			<u>\$ 29,012</u>
Total U. S. Department of Transportation			<u>\$ 536,269</u>
<b><u>U. S. DEPARTMENT OF JUSTICE</u></b>			
HIDTA Taskforce	95.001	GP14AP0001A	\$ 38,859
Equitable Sharing Program	16.922	N/A	6,347
Total U. S. Department of Justice			<u>\$ 45,206</u>
<b><u>U. S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
<b><u>Federal Emergency Management Agency</u></b>			
<b><u>Kentucky Division of Emergency Management</u></b>			
Hazard Mitigation	97.039	PA-04-KY	\$ 40,366
Hazard Mitigation - Peach Orchard	97.039	4008-0003	16,529
Hazard Mitigation	97.039	N/A	2,281
SAFER (Firefighter Salary Reimbursement)	97.067	EMW-2008-FF-01214	10,245
Total U.S. Department of Homeland Security			<u>\$ 69,421</u>
			<u>\$ 4,075,416</u>

CITY OF PIKEVILLE, KENTUCKY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2015

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, 2015

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 Transportation – Small Community Air Service Grant	20.930
US Department of Agriculture	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, 2015

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