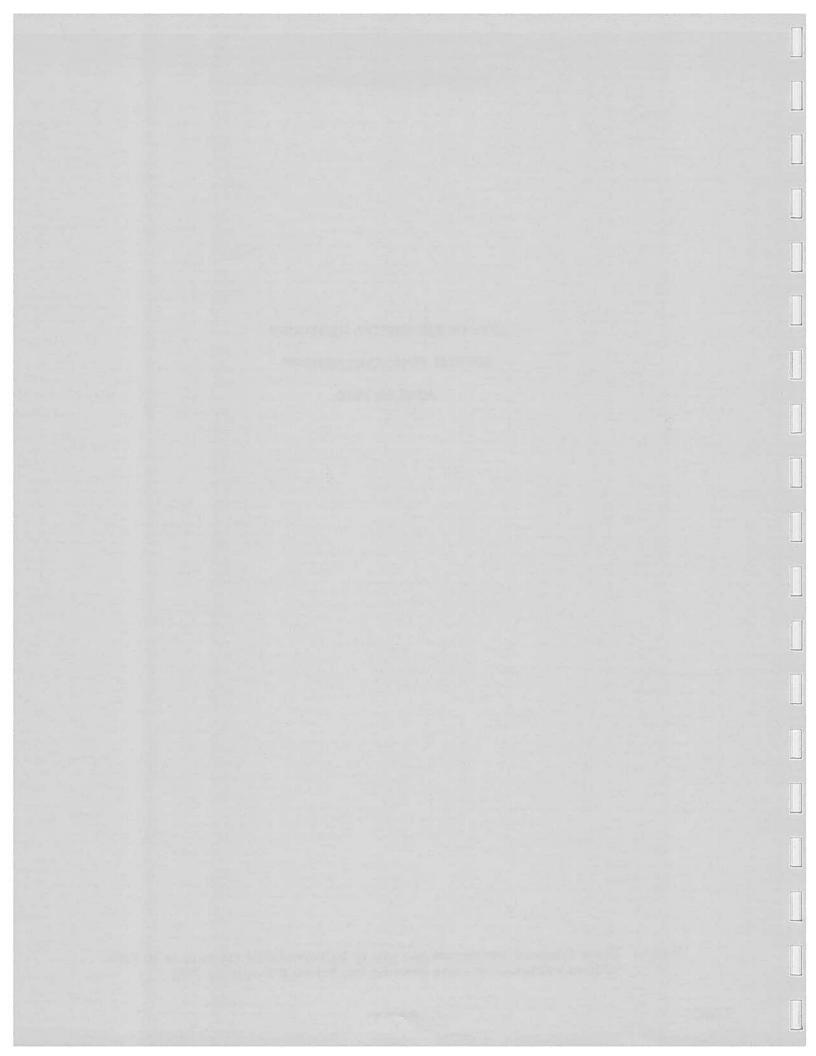
ANNUAL FINANCIAL REPORT
JUNE 30, 2016

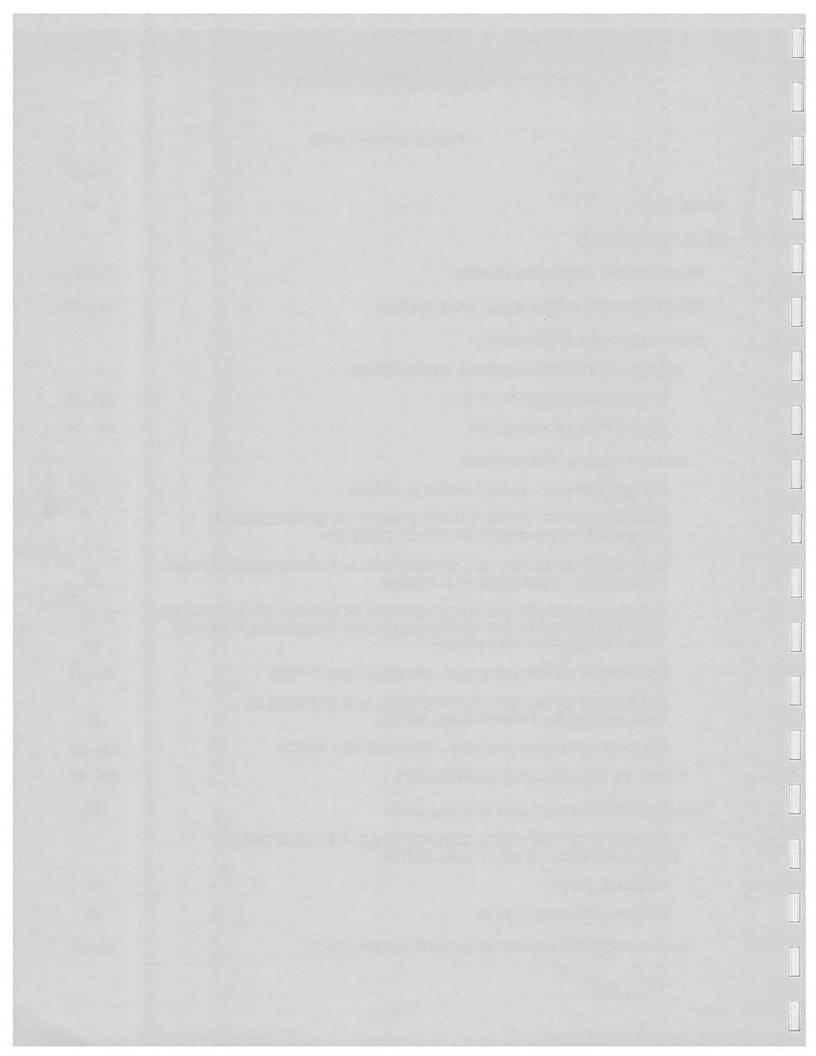
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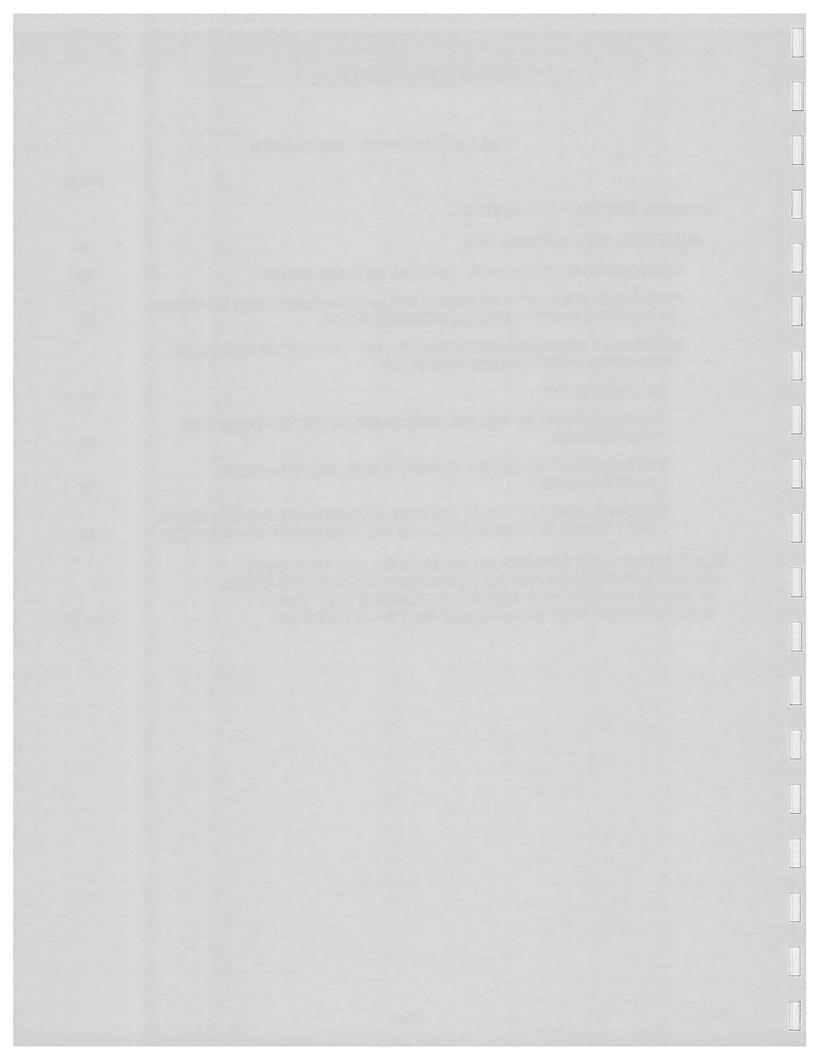
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Phone: 270-432-2811

Fax: 270-432-3949

## **DIRECTORY**

# CITY OF EDMONTON, KENTUCKY

# (MAYOR-COUNCIL FORM OF GOVERNMENT)

## MAYOR

## **HOWARD D. GARRETT**

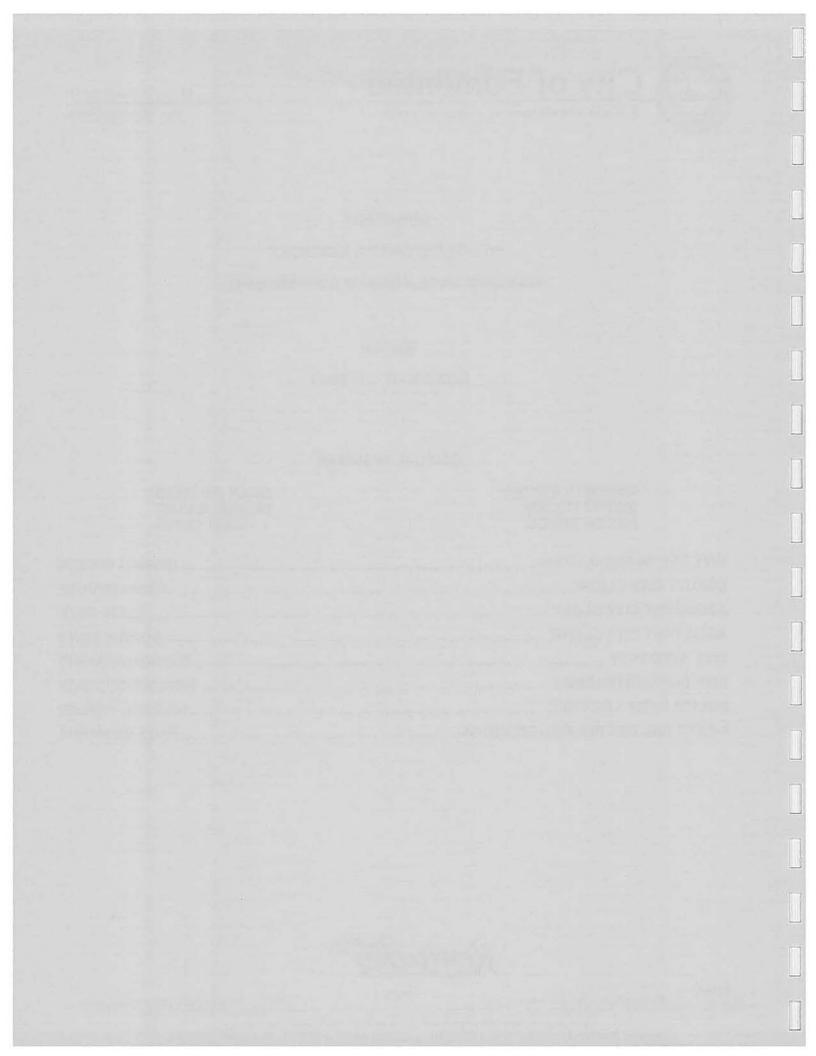
## **COUNCIL MEMBERS**

WENDELL SEXTON WAYNE WILSON AUSTIN BRAGG

BILLY JEFFRIES RONNIE MILLER CURT ESTES

CITY CLERK-TREASURER	CHRISTI WILSON
DEPUTY CITY CLERK	DAWN DEVORE
ASSISTANT CITY CLERK	ALICIA REED
ASSISTANT CITY CLERK	CONNIE SHIVE
CITY ATTORNEY	SHARON HOWARD
CITY SUPERINTENDENT	HOWARD DICKSON
POLICE CHIEF - INTERIM	MICHAEL TAYLOR
PARKS AND RECREATION DIRECTOR	PAGE EDWARDS





# TAYLOR, POLSON & COMPANY, PSC

CERTIFIED PUBLIC ACCOUNTANTS 101 McKENNA STREET, P. O. BOX 1804 GLASGOW, KENTUCKY 42142-1804

> TELEPHONE 270-651-8877 FAX 270-651-8879

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108 WEST THIRD STREET

P.O. BOX 778

TOMPKINSVILLE, KENTUCKY 42167

TELEPHONE 270-487-6515

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#### INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council City of Edmonton, Kentucky

# Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Edmonton, Kentucky, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Edmonton, Kentucky's basic financial statements as listed in the table of contents.

# Management's Responsibility for the Financial Statements

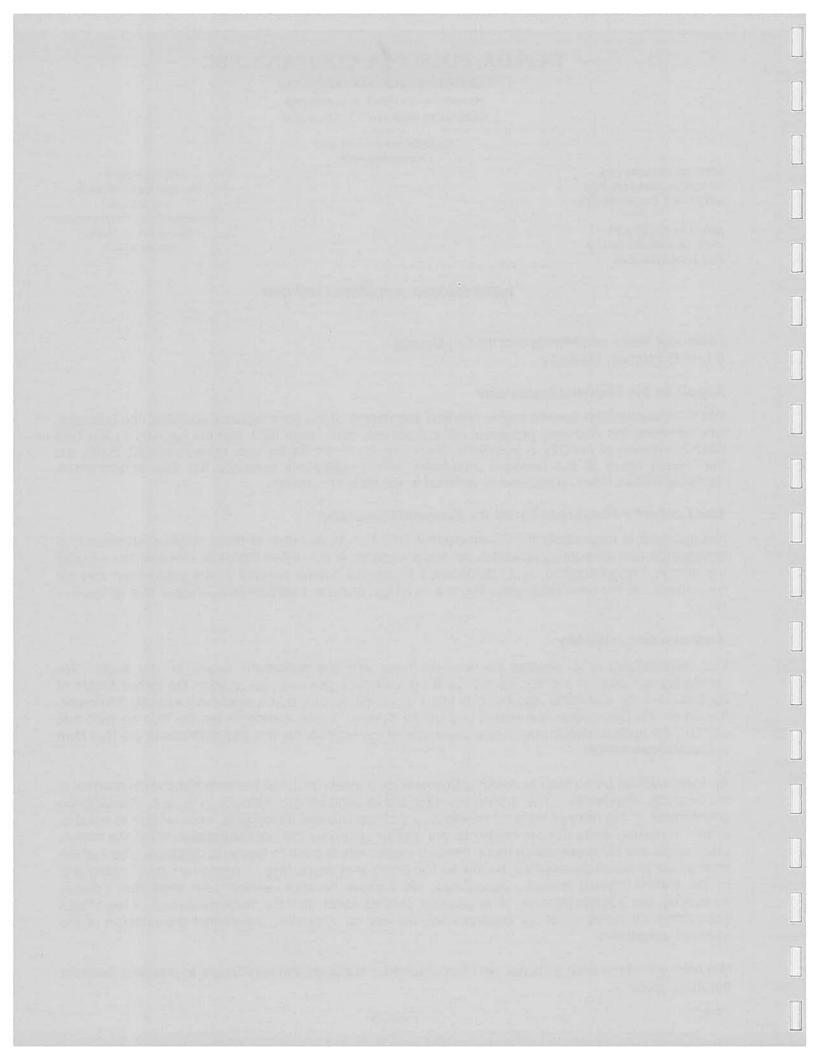
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and 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.



Honorable Mayor and Members of the City Council City of Edmonton, Kentucky

# **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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Edmonton, Kentucky, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Other Matters

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 8 - 19), budgetary comparison information (pages 63 - 65), and pension information (page 66 - 67) 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.

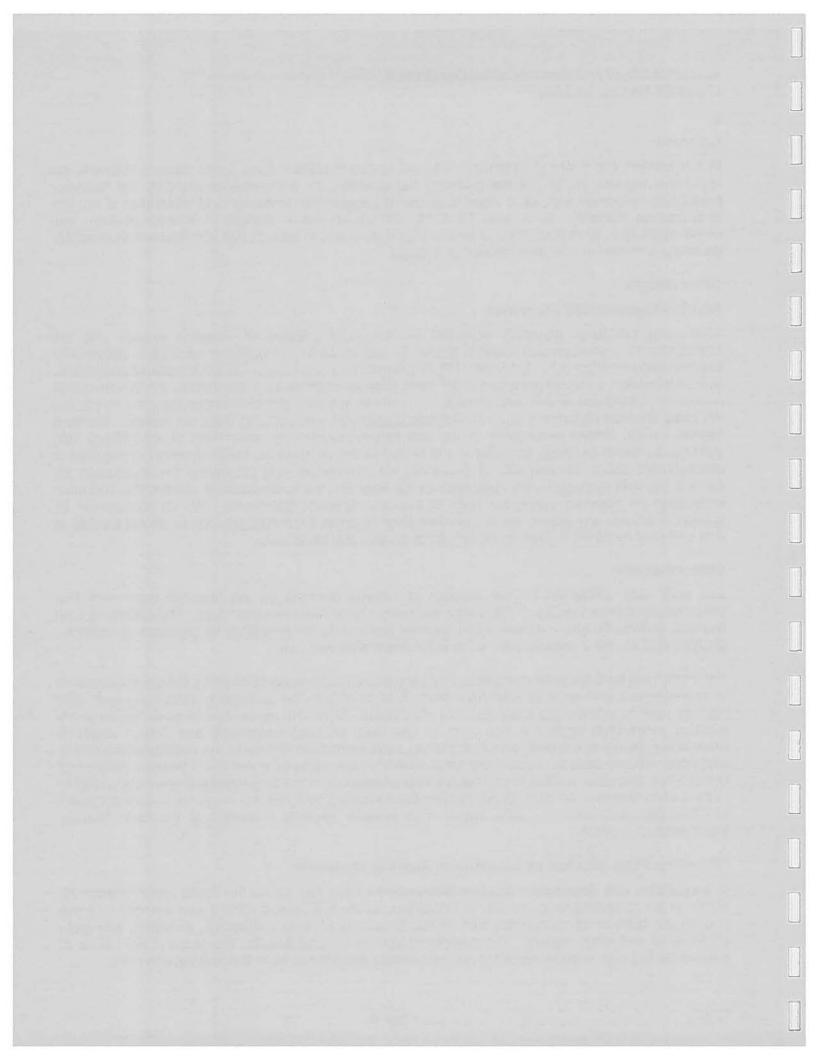
#### Other Information

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

The combining fund financial statements and component unit financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 fund financial statements and component unit financial statements 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 October 25, 2016, on our consideration of the City of Edmonton, 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



Honorable Mayor and Members of the City Council City of Edmonton, Kentucky

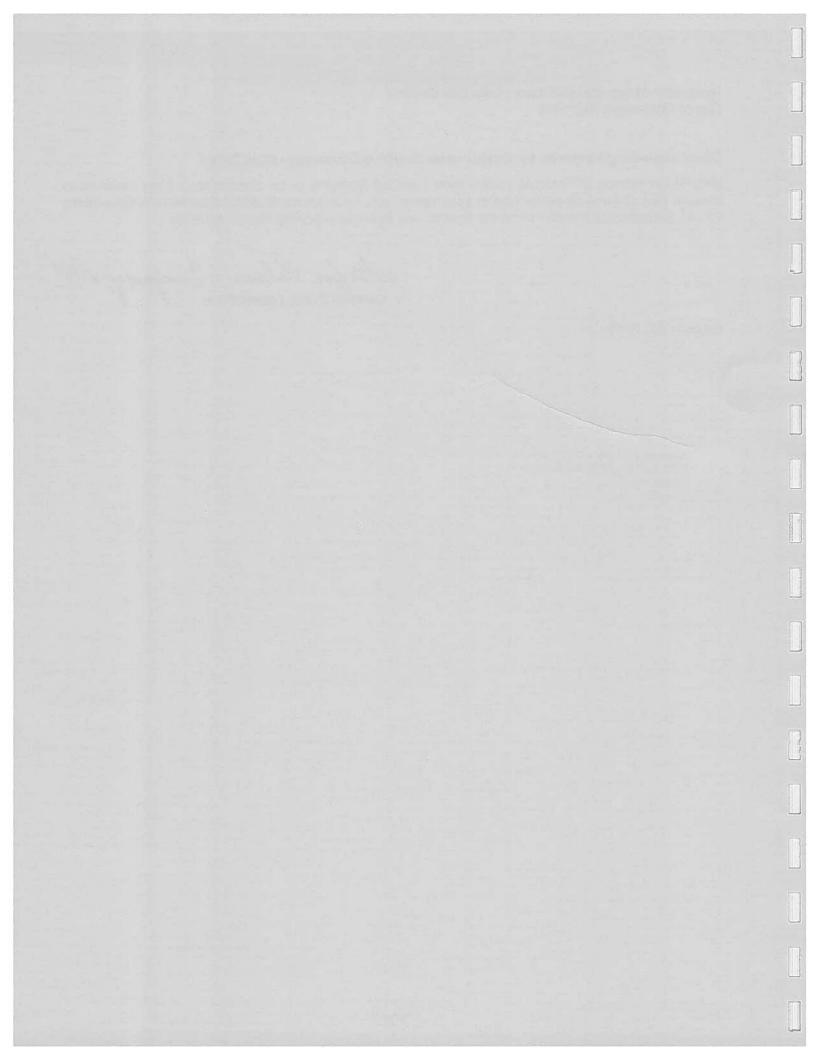
# Other Reporting Required by Government Auditing Standards - Concluded

provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Edmonton, Kentucky's internal control over financial reporting and compliance.

Surfor, Polson - Company, PSC Certified Public Accountants

October 25, 2016

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The management of the City of Edmonton presents this narrative to help our readers review the accompanying annual financial statements for the year ended June 30, 2016. We have prepared this overview and analysis of the City's financial activities to add additional information to the financial schedules and the note disclosures.

#### **FINANCIAL HIGHLIGHTS**

#### **Assets and Liabilities**

- As of June 30, 2016, the City's assets exceeded liabilities by \$14,394,180. Total net position is comprised of the following:
  - Net position of \$11,307,386 is invested in property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  - 2. Net position of \$1,106,471 is restricted to specific projects by laws, regulations, contractual agreements, or debt service.
  - 3. Unrestricted net position of \$1,980,323 represents the portion available to maintain the City's continuing obligations to citizens and creditors.
- Unrestricted cash balances as of June 30, 2016, were \$3,743,379, and current liabilities payable from unrestricted resources were \$762,105.
- Net position increased by \$454,859.
- Fund balances (a measure of current financial resources) in the governmental funds increased \$21,228 to a total of \$1,234,198.
- Net position in the proprietary funds increased \$385,790 to a total of \$11,818,441.

#### **Revenues and Expenditures**

- Revenues in governmental funds were \$1,319,881. This amount includes property taxes, occupational licenses and taxes, insurance premiums tax, franchise fees, parks and recreation income, and other items.
- Expenditures in the governmental fund type were \$1,358,579. This includes amounts for general government, public safety (police, fire, and E911), street department, parks and recreation, capital outlay, and debt service.
- Other financing sources and uses in the governmental fund type were \$59,926. This amount includes interest income, loan proceeds, grant proceeds, and other items.
- Revenues from proprietary fund types totaled \$2,724,284. This includes charges for utility services (water, sewer, and natural gas).
- Expenses in the proprietary fund types totaled \$2,568,910. This includes amounts for salaries and wages, utility services purchased (water and natural gas), depreciation, and other items.
- Non-operating revenues and expenses netted \$230,416 of revenue. This amount includes grant income, interest income, bond interest expense, and other income and expense items.

# MANAGEMENT'S DIROUSHION AND ANALYSIS FOR THE RISCAL YEAR ENDES JUNE 20 2015

The management of the City of Editionion presents this narrative to help our readers review the accompanying abmust financial statements for the year entried had 30, 2016. We have propertional everytew and markets of the City's thrancial ectivities to see additional intermedian to the mondal schools and the note disclosure.

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- As of June 30, 2016, the City's assets exceeded intrinses by \$14,304,160. Total net position is compulsed of the following.
- Not position of \$11,00 / 188 is invested in properly and equipment, not at accumulated depreciation, and radiced for outstanding debt intend to the purchase or construction of capital assets.
- Net position of \$1,196,471 is restricted to specific could by laws, requestions, contractions, contractions.
- Univestificated net position of \$1.980.328 represents the portion available re-maintain the City's continuing obligations to different and meditors
- Unitestrated cash behances as of June 30, 2016, were \$3,748,379, and rament habitales bayasio from unitestrated resources were \$782,105.
  - Net position increased by \$2,54,859.
- Fund balations (a measure of current flouridal resources) if the governmental funds increased 321,239 to a total of \$1,204,198.
  - Noticed the interest of the property and services and services are presented to the part of the services.

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- Paranues in governmental tends were \$1.319,481. This amount includes property taxes, occupational licenses and taxes, instrumed premiums text, fainchise feet, parks and represion morne, and other items.
- Expenditures in the guvernmental tund type were \$1,368,579. This includes amounts for general government, public safety (police, tire, and E911), atreat department, padds and represultant, explicit outlay, and debt service.
- Other financing sources and uses in the governmental rund type were 259,026. This amount indicates interest income, lown proceeds, great process as and other fields.
- Revenues non proprietary fund types totaled \$1,724,284. This includes charges for utility services (water, server, and natural gas).
- Expenses in the originatory fund types totaled 52,563,910. This includes empuriss or estates and wages, utility services programm (warm and rist ust gas), depreciation, and characteristics.
- NWI-sperafing revenues and expenses hatted \$230.415 of revenue. This amount includes grant income, microst income, bond interest expense, and cities income and expense service.

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## **OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's discussion and analysis are intended to introduce the City's basic financial statements. Basic financial statements include three major sections: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information to provide additional information that our readers can use to analyze our finances.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide our readers with an overview of the City's finances, presenting all funds in a more simplified format. This section is similar to financial reporting used by commercial entities.

The statement of net position presents information on all the City's assets and liabilities, including long-term debt and capital assets in the governmental funds. The difference between assets and liabilities is reported as net position. Evaluation of the overall economic health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure in addition to the financial information provided in this report.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. Therefore, some revenues and expenses included in this statement may reflect cash flows that actually occur in future periods. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Government-wide statements are separated into two major categories: 1) governmental activities that are principally supported by taxes and intergovernmental revenues, and 2) business-type activities that are supported with user fees and charges. Governmental activities include administrative functions, streets, public safety (police, fire, and E911), parks and recreation, and special revenue funds (municipal road aid and LGEA). Business-type activities include utility services for water, sewer, and natural gas.

The government-wide financial statements include not only the City itself (known as the primary government), but also the Edmonton-Metcalfe Industrial Development Authority. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

#### **Fund Financial Statements**

Funds are used in governmental accounting to separate resources that are designated for specific programs or activities. The City of Edmonton, like other state and local governments, uses fund accounting to demonstrate compliance with the laws, regulations, and contractual agreements that establish the authority for the City's programs and services. Governments use three types of funds: governmental, proprietary, and fiduciary funds. The City does not have any fiduciary funds, but does use the governmental and proprietary fund types.

Governmental funds are used to account for the City's basic services, the same services that are included in the governmental activities on the government-wide statements. However, the information in the fund statements is measured differently. Governmental funds focus on current financial

# MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTRIUSO FOR THE FREDAL YEAR ENDED JUNE SO, 2016

# OVERVIEW OF THE YMANGER STATEMENTS

Management's discussion and analysis are intended in introduce the City's basic linencial statements. Shear financial statements include three major sections. The government white analysis statements. Shear discussions and 3) notes to the intended scatements. This report also contents other supplementary internation to provide admittend information that our readers can use to enaryze our finances.

## Government-wide Financial Statements

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## **OVERVIEW OF THE FINANCIAL STATEMENTS - CONCLUDED**

#### **Fund Financial Statements - Concluded**

resources rather than economic resources. Therefore, the statements include the short-term resources such as cash, investments, and receivables that will be collected in the next few months, and liabilities that will be retired with these monies. This information is important for assessing the City's current financial resources.

The reconciliation in the fund statements explains the difference between the governmental funds in the fund statements and the governmental activities found in the government-wide financial statements. This reconciliation will explain the adjustments necessary to compare the long-term resources and liabilities for the government-wide statements with the current picture presented in the fund statements.

Edmonton uses the following governmental funds:

- General Fund
- Municipal Road Aid Fund
- LGEA

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. There are two kinds of proprietary funds. These are enterprise funds and internal service funds. The City does not have internal service funds but does use enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide financial statements. Services such as water, sewer, and natural gas utilities are provided to customers external to the City organization.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds.

Edmonton uses the following enterprise funds:

- Water
- Sewer
- Natural Gas

#### **Notes to the Financial Statements**

Immediately following the basic financial statements are the notes to the financial statements. Notes provide additional information that is essential to a full understanding of the information included in the financial statements. The notes also provide additional details about the balances and transactions in the City's financial statements.

### Other Information

The remainder of this report consists of two types of supplementary information. Required supplementary information must be included to conform with generally accepted accounting principles, while other supplementary information is presented to expand the City's financial presentations. Management's discussion and analysis, the budgetary comparisons for the major funds, and the pension information are required supplementary information included in this report. Other supplementary information includes the combining statements for the special revenue funds and the component unit statements.

# OVERVIEW OF THE PAULICIAL STATEMENTS - CONCLUDED

## Playd Financial Statements - Conducted

resources rather had accommic leaduress. Therefore, the statements include the short-term resources such as ozen, investments, and received as how ordered in the next rew months, and healthies that will be collected in the next will be retired with these intentes. This informance is importent for despend the City's ourrest timenous resources.

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#### Other Internation

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## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following two pages summarize, in a condensed format, the net position and results of operations of the City, with comparisons to the prior year.

The first statement offers a snapshot of the assets, liabilities, and net position as of the end of each year. Included in the non-current assets are capital assets, reported net of depreciation. The City completed a comprehensive capital asset inventory and compiled the information into a database to help manage the City's investment in these valuable resources.

Of the City's net position in the governmental-type activities, \$161,937 is restricted to comply with provisions of various laws, regulations, and contractual agreements. \$944,534 of the City's business-type activities' net position is restricted for debt service.

The second statement presents a brief look at the operations. We offer some broad observations about this year's operations. Compared to the prior year, total governmental revenues increased \$93,431. The utilities had a decrease in revenues of \$776,398. The change in net position was an increase of \$69,069 for governmental-type activities and an increase of \$385,790 for business-type activities.

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The following two pages summarize. In a condensed formal, the not position and results of operations of the City, with comparisons to the prior year.

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The second statement cresents a hirst took at the operations. We after some bread observations about this year's operations. Compared to the pror year, total governmental revenues increased \$92,491. The utilities had a decrease in revenues of \$776,398. The change in not position was an increase of \$69,000 for governmental type acceptage and an increase of \$335,790 for pusiness two according.

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# **NET POSITION**

			PRIMARY (	COVERNMENT		
	Governmen 6-30-16	tal Activities 6-30-15	Business-ty 6-30-16	pe Activities 6-30-15	Total 6-30-16	Total 6-30-15
ASSETS						E Palinal Idle
Current Assets	1,278,215	1,207,876	4,110,621	3,800,839	5,388,836	5,008,715
Restricted Assets	4,650	70,008	944,534	950,919	949,184	1,020,927
Non-Current Assets	3,166,701	3,114,376	11,866,206	12,016,983	15,032,907	15,131,359
Total Assets	4,449,566	4,392,260	16,921,361	16,768,741	21,370,927	21,161,001
DEFERRED OUTFLOWS OF RESOURCES	270,192	113,553	182,002	83,828	452,194	197,381
LIABILITIES						
Current Liabilities	157,248	169,444	1,498,429	1,522,166	1,655,677	1,691,610
Liabilities Payable from Restricted Assets	-		147,309	150,254	147,309	150,254
Non-Current Liabilities	1,921,369	1,747,947	3,583,002	3,677,271	5,504,371	5,425,218
Total Liabilities	2,078,617	1,917,391	5,228,740	5,349,691	7,307,357	7,267,082
DEFERRED INFLOWS OF RESOURCES	65,402	81,752	56,182	70,227	121,584	151,979
NET POSITION						
Invested in Capital Assets, Net of Debt	2,235,858	2,079,002	9,071,528	8,734,463	11,307,386	10,813,465
Restricted	161,937	252,322	944,534	950,919	1,106,471	1,203,241
Unrestricted	177,944	175,346	1,802,379	1,747,269	1,980,323	1,922,615
TOTAL NET POSITION	2,575,739	2,506,670	11,818,441	11,432,651	14,394,180	13,939,321

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# **OPERATING RESULTS**

			PRIMARY G	OVERNMENT		
	Governmen 6-30-16	tal Activities 6-30-15	Business-ty 6-30-16	pe Activities 6-30-15	Total 6-30-16	Total 6-30-15
PROGRAM REVENUES	0-30-10	0-30-13	0-30-10	0-30-13	0-30-10	0-30-13
Charges for Services	48,101	57,139	2,724,284	2,962,595	2,772,385	3,019,734
Operating Grants and Contributions	69,828	83,794			69,828	83,794
Capital Grants and Contributions	51,500	1,500	324,706	863,474	376,206	864,974
GENERAL REVENUES						
Property Taxes	85,170	85,093	-		85,170	85,093
Occupational Licenses and Tax	907,418	884,840	-		907,418	884,840
Insurance Premiums Tax	187,345	155,258			187,345	155,258
Franchise Fees	9,605	9,242	-		9,605	9,242
Investment Income	3,911	4,516	18,560	19,265	22,471	23,781
Sale of Surplus Property	4,515	3,250	1,386	-	5,901	3,250
Miscellaneous	12,414	1,744		0.0	12,414	1,744
Total Revenues	1,379,807	1,286,376	3,068,936	3,845,334	4,448,743	5,131,710
PROGRAM EXPENSES						
General Government	247,730	211,219			247,730	211,219
Public Safety	638,752	550,627	-		638,752	550,627
Street Department	38,185	38,345		1 D. A.	38,185	38,345
LGEA						
Parks and Recreation	339,379	322,637			339,379	322,637
Interest on Long-Term Debt	46,692	50,327	4		46,692	50,327
Water			1,505,042	1,441,929	1,505,042	1,441,929
Sewer			218,298	226,990	218,298	226,990
Natural Gas	<u> </u>		959,806	1,208,313	959,806	1,208,313
Total Expenses	1,310,738	1,173,155	2,683,146	2,877,232	3,993,884	4,050,387
EXCESS BEFORE TRANSFERS	69,069	113,221	385,790	968,102	454,859	1,081,323
Transfers		-		- X-1-1E		-
INCREASE IN NET POSITION	69,069	113,221	385,790	968,102	454,859	1,081,323

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# CITOCOTO CONTRACTOR

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONCLUDED**

Following are the governmental revenues as a percent of total, to assist in the analysis of the City's activities:

	6-30-16	<u>6-30-15</u>
Occupational Licenses and Tax	67%	69%
Insurance Premiums Tax	15%	12%
Operating Grants and Contributions	6%	7%
Property Taxes	7%	7%
Charges for Services	4%	4%
Franchise Fees	<u>1%</u>	1%
Governmental Revenues	100%	100%

Following are the governmental expenses as a percent of total, to assist in the analysis of the City's activities:

	<u>6-30-16</u>	<u>6-30-15</u>
Police	41%	39%
Administration	19%	18%
Parks and Recreation	26%	28%
Fire	2%	2%
Interest on Long-Term Debt	4%	4%
E911	6%	6%
Streets	2%	3%
Governmental Expenses	100%	100%

The business-type activities are shown comparing revenues generated to costs incurred by the related utility services. Water, sewer, and natural gas utilities are intended to be self-supporting with user charges and other revenues designed to recover costs. Economic events and weather patterns can either positively or negatively impact these services and costs.

Following are the business-type activities' revenues versus costs:

- Water Fund revenues were \$1,503,423 as compared to costs of \$1,505,042.
- Sewer Fund revenues were \$221,262 as compared to costs of \$218,298.
- Natural Gas Fund revenues were \$999,599 as compared to costs of \$959,806.

# GOVERNMENT-WIDE KNAW GLAL AWALYSIS - CONCLUDED

Following and the governments revenues as a parcent of total, to seeled in the contrats of the City's scription

31-00-0	80-00-3	
686-6 1286 75-6 76-6 186	6736 1526 1526 1526 1536 1536	Occupational Ligenses and Tax Insurance Premiums Tax Operating Grants and Certebritions Property Texas Charges for Services Foundhae Fees
105%	2700 T	asunave fi late ammavoD

Following are the governmental expenses as a percent of total to assist in the analysis of the City's activities:

	07-08-9	61:01:0
Police Administration Parks and Recreatings File Interest on Long-Te Sara Saraets	41% 19% 28% 278 44% 45%	3985 7895 2895 2995 675 675
Geographic stell Expo	2000	100t

The business-type activities are shown comparing revenues generated to costs incorred by the related utility services. Water, sever, and natural gas utilities are intended to be self-augmenting with user thanges and other feverues respond to recover costs. Enumorate about shorts and weather patients can shifter positively or requirely means these services and costs.

Followith: see the business-type activities: revenues vereus adds:

- Water Florid resemble with the SOCIAL RESEMBLE Compared to costs of \$1,006,042
  - \* Seven Fund revenues wine \$201, 202 as compared to come of \$218,298.
- Natural Gas Fund revenues work #897 537 as commercial to conte of 3969 806.

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#### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

#### **Governmental Funds**

The fund statements present the City's financial information in a more detailed format, but there are other differences as well. Fund statements provide important information about the City's compliance with laws and regulations that define the local government environment in Kentucky. The principles of measurement in the governmental fund statements are also different from the government-wide statements. Fund statements focus on current resources, while the government-wide statements present the long-term view.

Financial information for the City's governmental funds is summarized on the balance sheet for governmental funds and the statement of revenues, expenditures, and changes in fund balances of governmental funds. Governmental fund balances increased \$21,228, which includes a decrease of \$38,698 from operations and an increase of \$59,926 from other financing sources.

This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds report ending fund balances of \$1,234,198. Of this year-end total, approximately \$1,192,860 is unassigned, indicating availability for continuing City service requirements. Restricted fund balances include \$4,650 for general fund reserve and \$36,688 for special revenue funds.

## **Major Governmental Funds**

The general fund is the City's primary operating fund and the largest source of day-to-day service delivery. Fund balance of the general fund increased by \$41,125.

The special revenue fund is made up of two individual funds (municipal road aid and LGEA), which are combined in the supplementary information. Fund balance of the special revenue fund decreased by \$19,897.

### **Proprietary Funds**

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

Financial information for the City's proprietary funds is summarized on the statement of net position for proprietary funds and the statement of revenues, expenses, and changes in net position as well as the statement of cash flows for proprietary funds. Total net position increased by \$385,790, which includes net operating income of \$155,374 and net revenue from non-operating activities of \$230,416.

#### **Major Proprietary Funds**

The City of Edmonton reports the activities of the water fund, sewer fund, and natural gas fund.

The water fund reported an increase in net position of \$8,043. The water fund had net income of \$85,170 from operations and \$77,064 of net expenses from non-operating activities. The water fund reports a net position amount of \$6,535,683, of which \$870,420 is restricted for debt service.

The sewer fund reported an increase in net position of \$331,681. The sewer fund had a net income of \$21,966 from operations and \$309,715 net income from non-operating activities. The sewer fund reports a net position amount of \$3,026,880, of which \$74,112 is restricted for debt service and \$2 for sewer projects.

#### PRINCIPAL WAY SELECTING GOARD LANGE CONTRIBUTED STATES

#### Consequently Funds

The fund statements are sell the Otty's financial information in a more detailed fermat, but there are other ancients are well. Fund etalencements provide important information etalencies and organizations that define the local government enducation in familiary. The principles of measurament in the governmental lund detained are also different two the government-wide statements. Fund abdements focus on our entire resonance, while are government-wide statements present the long-term view.

Emandal information for the City's governmental funds is summarized on the balance sheet for governmental funds and the statement of revenues, experiment, and origings in fund balances of governmental fund total total balances increased \$21,228, which includes a decrease of \$35,633 from operations and an increase of \$38,928 from objection send an increase of \$38,928 from objection send an increase of \$38,928 from objection send an increase.

This information is useful in essessing recourses available at the end of the year in comparison with updenting financing requirements. Governments funds ruper ending hard catalogs of \$1,244,198. Of the year end total approximately \$1,792,860 is unassigned midicating evaluability for continuing City service requirements. Frestroyed fund balances include \$4,650 for general fund reserve and \$56,650 for second revenue funds.

# Major Governmental Funcia

The general fund is the Gily's permary operating functional the largest source of day-to-day service delivery. Fund balance of the general fond increased by \$41,125.

The special revenue fund is midda up of two individual funds (municipal road and and LGEA), which are continued in the applementary information. Fund belience or the sewcial ravenue fund de revised by sarener.

#### Proprietary I cards

The prodetary fund statements praise the same focus as the government-vide datements, reporting both sharetern and long-term information about knapidal status.

Financial information for the City's progressive funds is summarized on the statement of hat position for proprietary funds and the statement of revenues, expenses, and charges in hat position as well as the statement of seah flows for proprietary funds. Total instruction increased by \$0.05,700, which includes not operating into the objection of \$2.00,476.

#### Water Proprietery Strade

The City of Edmonton reports the activities of the water fund, sawerfund, and natural gas fund

The weigh fund reported an increase in net persion of \$5.045. The water tend had delincome at 35.176 from operating activities. The water fund reports a net previous and \$77,054 of net expresses from con-operating activities. The water fund reports a net previous amount of \$5.555,569, of which \$6.10,400 is restricted for debt service.

This sewer tund reported an increase in net position of \$331, 531. This sewer tund had a net income of \$21.966 from operations and \$309,715 net income train net-operating autition. The sewer fund reports a net position strictum of \$3.039,880, of which \$74,112 is not intenticed for drive service and \$2.1cm service and \$2.1cm service and \$2.1cm service and \$2.1cm service.

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#### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS - CONCLUDED

## **Major Proprietary Funds - Concluded**

The natural gas fund reported an increase in net position of \$46,066. The natural gas fund had net income of \$48,301 from operations and \$2,235 net expenses from non-operating activities. The natural gas fund reports a net position amount of \$2,255,878, all of which is unrestricted.

# **GENERAL FUND BUDGETARY HIGHLIGHTS**

Budgetary comparison schedules include information about both the original budget and the amended budget. Generally, budgets are amended to add projects that were not anticipated when the budget was first adopted. Over the course of the year, the City's budget may be revised by the City Council. Revenue budgets are usually estimated lower to allow budgetary flexibility for additional projects.

The increase in the general fund balance was more than budget estimates by \$177,835: revenues were more than budget by \$159,829, expenditures were more than budget by \$21,994, and other financing sources were more by \$40,000.

Budgetary comparison schedules for major individual funds are found in the required supplementary information.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

The City invests substantial resources in capital assets that support the services provided to the public. Following are tables summarizing the City's capital assets and long-term debt.

	PRIMARY GOVERNMENT			
CAPITAL ASSETS	Governmental Activities	Business-type Activities	Total	
Land Improvements	1,728,689 7,700	89,863	1,818,552 7,700	
Buildings and Improvements	1,335,868	19,236,617	20,572,485	
Equipment and Furnishings	300,651	637,379	938,030	
Vehicles	703,207	229,792	932,999	
Streets and Sidewalks	287,979		287,979	
Municipal Park	973,103		973,103	
	5,337,197	20,193,651	25,530,848	
Accumulated Depreciation	(2,170,496)	(8,327,530)	(10,498,026)	
TOTAL	3,166,701	11,866,121	15,032,822	

# FINANCIAS ANALYSIS OF THE CONFINANCE PURIS - CONCLUDED

# Major Proprietary Current - Concluded

The material gas fund reported an increase in hel position of \$15,066. The natural gas fund had not income of \$143,361 from boardions and \$2,265,675 from nor expenses from nor expenses of \$143,361 from boardions and \$2,265,675, all of which is unrestricted.

# CENSELHOW YOU DESCRIPTION JARRENSO

Budgetary commuteen schedules include internation about the original budget and the amended budget. Generally budgets are amended to add projects that was not anticlosed when the budget was first adapted. Over the course of the year, the City's budget may be readed by the City Council Revenue budgets are usually estimated lower to show budgets, trackability for additional projects.

The increase in the general tune balance was more train budget estimates by \$77,835; revenues were more than budget by \$79,896, and other farancing scores were more than budget by \$21,996, and other farancing scores were more by \$40,096.

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# CAPITAL ASSET AND DEBUT ADMINISTRATION

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		PRIMARY COVERNMENT		
STARGA LATTICO		sing Raenta 38 seth but	Igiga?	
Land Land Improvements Buildings and Europevement Equipment and Furnishings Verticles Verticles Audional Park Approved Park	7,728,389 7,709 9,000,684 703,207 287,978 973,109 673,109 (2,170,486)	80,000 10,200 617 807,370 208,782 20,793,667	1,848,552 7,700 20,572,465 905,030 942,909 973,325 973,465 21,530,665	
JATOT		157,000,01	15,030,922	

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# **CAPITAL ASSET AND DEBT ADMINISTRATION - CONCLUDED**

	PRIMARY GOVERNMENT		
LONG-TERM DEBT	Governmental Activities	Business-type Activities	Total
Capital Leases			
General Obligation			
Municipal Park	664,289		664,289
Special Obligation	76,554		76,554
KADD - City Hall	190,000		190,000
<b>Total Capital Leases</b>	930,843	0	930,843
Loans			
KY Infrastructure Authority		146,710	146,710
Kentucky League of Cities		181,250	181,250
Total Loans	0	327,960	327,960
Bonds			
Revenue Bonds			7 100
1980 Issue		19,000	19,000
1982 Issue Ser A	and the second of the second	43,000	43,000
1982 Issue Ser C		5,000	5,000
1984 Issue		270,943	270,943
1990 Issue	* - *	228,000	228,000
1993 Issue	•	221,000	221,000
1995 Issue	•	318,000	318,000
1996 Issue	1	154,200	154,200
2000 Issue		682,000	682,000
2002 Issue		89,500	89,500
2013 Issue		582,700	582,700
Total Bonds	0	2,613,343	2,613,343

All of the City's capital leases have been used to acquire or construct capital assets.

## **NET PENSION LIABILITY**

At June 30, 2016, per GASB No. 68 and GASB No. 71, the City of Edmonton reported a liability for its proportionate share of the net pension liability for CERS. The amount recognized by the City as its proportionate share of the net pension liability was \$1,935,867. This amount was allocated proportionately between the Governmental Activities and the Business-type Activities.

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# CAPITAL ASSIST AND DEET ADMINISTRATION - COMOLUBED

tstaT	THENNESS CONTRACTOR SOURCES ACTIVITIES ACTIVITIES	e leinemesseel selbeltiA	LONG-TERM DEBT
684,289 76,564 190,900		664,289 76,554 190,000	Capitni Leeses General Opligation Attailopet Park Special Obligation KADD - City Hall
348.0E6	9	648,969	Total Capital Loseas
017,841 083,781	617,841 181,886		Loans KY Infrastructure Authority Kentucky League of Cities
987,000	327,990	0	anso I tate?
19.000 49.000 270.643 228.000 221.000 221.000 318.000 154.260 682.000 682.000	000 (81) 000 (82) 000 (82) 060 (82) 000 (81) 000 (81) 000 (88) 000 (88) 000 (88)		Bonds Favanue Bonds 1090 Isque Ser A 1982 Isque Ser C 1984 Isque 1980 Isque 1996 Isque 1996 Isque 1996 Isque 2006 Isque 2012 Isque 2013 Isque 2013 Isque
2,613,348	606,578,6	0	Total Bonds

All of the City's capital leases have been used to adquire or coost uct capital ascets

# NET PENSION LENGTLYY

At June 30, 2816, per GASB No. 68 and CASB No. 71, the City of Edmonton reported a fability for na preparationate share of the not pension liability for CRRB. The amount recognized by the City as its proportionate share of the net pension liability was \$1,935,857. This amount was dilucated proportional share of the Governmental Activities and the Business type Activities.

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#### THE OUTLOOK FOR NEXT YEAR

As we prepare to move into the new fiscal year for the City, our economic outlook is cautiously optimistic. Cautious because our small businesses are struggling to keep open and new businesses are slow to open. The City needs entrepreneurs to take that risk and invest in our city. On the industrial side, we are optimistic about the industries we have now regarding job retention and job expansion.

The partnership the City has with the Metcalfe County Fiscal Court and TVA on the construction of the spec building is an investment in our city and county. This building is already being marketed by TVA and the State Economic Cabinet on their websites.

Concerns remain as always about the continued rising cost of health insurance premiums, cost of materials and supplies, and the Kentucky Retirement System deficit.

The CERS pension cost and the liability of the City's shared percentage is now reflected in the City's financial statements. How this will affect the bond rating of the City is an unknown. The City has always funded its portion for the full amount while the state did not. The state, with approval of its biannual budget, is finally addressing the issue by appropriating more money into the system but it will take a long time to get this issue resolved.

The City has included in its budget the following projects and requests:

- The City Hall administrative offices requests include general maintenance on building, office
  equipment, and website improvements. The request for a new phone system will be delayed until
  later in the fiscal year and, if revenues are holding, we will amend the budget at that time.
- Parks and Recreation has the matching funds for a Land, Water and Conservation Grant application for picnic tables and reimbursement on fence repairs, and a new UTV for the park maintenance with additional funds for promotion activities. The park needs to be a place of activity year round and right now it is not. I will pursue the financial resources that will help the City to establish a YMCA-type facility that will be located at the entrance of Edmonton Memorial Park. I want to start expanding park activities with different events, such as a series of concerts in the park highlighting all types of musical entertainment. The purpose is to bring the community together for evenings of fun and family entertainment. We will also continue to review the youth sports programs and participation levels.
- The Police Department needs include extra officers and vehicles to bring the force up to full staff. We are applying for a COPS grant, which has a 75%/25% match requirement for three years. We will also reapply for a USDA grant for three new vehicles. The 4x4 vehicles that the department purchased last year worked out great, so I have included funds to purchase another for use in inclement weather conditions.
- The Public Works Department requests include funds for utility billing, chlorine scales, line locators, pressure recorders for natural gas lines, a zero turn diesel mower, an ice machine, updating of old equipment, and new equipment for DOW water quality compliance. Our water loss ratio is still too high, and we need to be getting that percentage down.
- Capital projects requests consist of continuing the replacement of older water and gas meters with the radio read meters and a replacement of a vehicle. The City is also looking at making the Compton house better suited for City storage.

#### THE OUTLOOK ROS NEXT YEAR

As we prepare to move into the new fiscal year for the City, pur economic author's cauticasty optimization. Cauticus braceuse our small businesses are structuring to keep open and new custivesess ore slow to open. The City needs authorization to take that risk and invest in our city. On the industrial side, we are optimized about the industries we have now regarding job reteining and job expension.

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- The Poide Department needs include earts officers and vehicles to bring the roice up to full start.
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- The Public Works Department requests include funds for utility billing, chloring spales, line locators, proseste recordants for nettiral gas lines, a zero fun diasel mower, an ico machine, updasting of old equipment, and new equipment for DDVV water country compliance. Our water loss ratio is still too high, and we need to be getting that pentantage down.
- Capillal projette requests consist of continuing the replacement of older water and gas material with the natio read meters and a replacement of a verticin. This City is also looking at making the Consisten house better suited for City storage.

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# MANAGEMENT'S DISCUSSION AND ANALYSIS - CONCLUDED FOR THE FISCAL YEAR ENDED JUNE 30, 2016

### THE OUTLOOK FOR NEXT YEAR - CONCLUDED

- The request last year concerning gathering information for a city waste collection within the Public Works Department is still ongoing. We are reviewing the information and hope to have a recommendation to the full council in the new fiscal year.
- I will have the request for annexation of property to expand the city limits presented to the council in the first quarter of the fiscal year. The proposal is needed because at some point future growth will occur in these areas.

The City will continue to honor our commitments to the various organizations that depend on city funding. Those organizations are the Hospice Program, the Historical Society, and the Chamber of Commerce. I will ask the Chamber to focus on the small retail businesses in the city. If it can be set up by the Kentucky revised statutes, I will propose that the City start a program with the financial institutions in town that will establish a revolving loan fund. Utilizing these loans, business owners will create economic development by opening new businesses and by making improvements on current businesses.

For our full-time employees, I am proposing a .30-cent per hour increase and a 2 percent increase for the custodians. This proposal will bring up the employees that are on the lower end of the pay scale. When you factor in the health insurance premium increase along with the hourly raise, this is a very generous overall increase.

The state road plan has the funding for the design, right of way acquisition, and utilities for the Edmonton By-Pass. Hopefully, these funds will be released this fiscal year and the project started. This project will relieve the commercial traffic around the square and give the City a new area to develop.

The Sewer Rehab project will finally close out with the replacement of the Wilson Subdivision pump station, using the remaining grant funds and with the City utilizing reserve funds to complete the full cost.

I have not included any revenue or expenditures into this budget concerning the wet/dry vote to be held in Metcalfe County. Each registered voter will have a choice to make. If it passes, the City will follow the process outlined by the Kentucky Statutes.

### **ADDITIONAL INFORMATION**

If you have any questions, or need additional information about these financial statements, please contact Mayor Howard Garrett.

# CITY OF EDMONTON, KENTUCKY STATEMENT OF NET POSITION JUNE 30, 2016

	PRIM	4/4/ 2001 F		
ASSETS Start militar notherlies at allow vito is not re-	Governmental Activities	Business-type Activities	v las Total par e	COMPONEN
CURRENT ASSETS	erven ere ew a		19701-90 903 - 010	NV.
Cash on Hand and in Banks	798,469	2,944,910	3,743,379	85,797
Investments		385,167	385,167	-
Receivables, Net of Allowance	ia ni utianimo la n	rikewahna nel trai	men set owner ill	YAZ L SU
for Uncollectible Accounts	ra pertananan yan d	many beauty and in		A Paris
Property Taxes	2,213	- (DD # 100 S C 05 1) 10	2,213	H-131
Trade Accounts		194,160	194,160	HEN
Internal Receivable	453,898	439,674	893,572	
Due from Other Governments		n hager age con	i ournitrion this	GRO GRE
State of Kentucky	3,635	lel puli ann america	3,635	Zarodine of
Metcalfe County Fiscal Court	or the many that is	146,710	146,710	er A market 101
Metcalfe County Board of		CONTROL TOMERNOON IN	1)   1   26,555= (1) (150)   - (10)	
Education	20,000	ing I distribute to	20,000	a ser wi
Total Current Assets	1,278,215	4,110,621	5,388,836	85.797
Total Current Assets	1,270,215	4,110,021	3,300,030	05,191
RESTRICTED ASSETS				
Cash and Savings			HORIMO SENER	H THIO YOU
General Fund Reserve	4,650	During His Resort	4,650	gleub egi
Sinking Funds	HENDER PROPERTY	216,859	216,859	OV FINITY
Funded Depreciation		386,693	386,693	asionante
Other Cash	nis <del>milaita si</del> tua	340,982	340,982	
Total Restricted Assets	4,650	944,534	949,184	omerabă o
NON-CURRENT ASSETS	ALE THE SHOP SHOP IT	MORE LES LOS ESTADOS POR LA CONTRACTOR DE LA CONTRACTOR D		pay and
Capital Assets				
Land	1,728,689	89,863	1,818,552	187,097
Other Capital Assets, Net of	and whe the City	about troug goin	lamen our pale	HOURSE -
Accumulated Depreciation	1,438,012	11,776,258	13,214,270	1,865,132
Deposits	of anti-service	85	85	
sa sa chate galentson tall gerhate knac tagul Etha colfa mae managana di 20 mateun na na	ilu E <del>lia di Kama</del> lika. Kampangan			lander er
Total Non-Current Assets	<u>3,166,701</u>	11,866,206	15,032,907	2,052,229
TOTAL ASSETS	4,449,566	16,921,361	21,370,927	2,138,026
DEFERRED OUTFLOWS OF RESOURCES Deferred Pension Charges	270,192	182,002	aireeup yas ev O beswort love 452,194	en uny fi Viantaos

# CITY OF EDMONTON, KENTUCKY STATEMENT OF NET POSITION - CONTINUED JUNE 30, 2016

	PRIM			
LIABILITIES	Governmental Activities	Business-type Activities	Total	COMPONENT
CURRENT LIABILITIES				
Accounts Payable	11,353	73,571	84,924	-
Payroll Withholdings	19,050		19,050	
Accrued Expenses				
School Tax		5,601	5,601	
Sales Tax		3,099	3,099	1 - 1 - 1
Vacation Accrual	18,264	32,181	50,445	
Meter Deposits		401,944	401,944	
Current Portion of				
Loans Payable		88,461	88,461	13,187
Leases Payable	108,581	-	108,581	10,107
Internal Payable	100,001	893,572	893,572	
Total Current Liabilities	157,248	1,498,429	1,655,677	13,187
LIABILITIES PAYABLE FROM				
RESTRICTED ASSETS				
Accrued Interest		40,709	40,709	-
Current Portion of				
Revenue Bonds		106,600	106,600	<u> </u>
Total Liabilities Payable				
From Restricted Assets	0	147,309	147,309	0
NON-CURRENT LIABILITIES				
Long-Term Portion of Financing				
Revenue Bonds		2,506,743	2,506,743	
Loans Payable		_,_,_,		
Kentucky League of Cities		111,250	111,250	
KIA		128,249	128,249	A
Edmonton State Bank		-		117,725
Leases Payable				,
General Obligation				
Municipal Park	589,345		589,345	_
Special Obligation	67,917		67,917	
KADD - City Hall	165,000		165,000	
Net Pension Liability	1,099,107	836,760	1,935,867	-
Total Non-Current Liabilities	1,921,369	3,583,002	5,504,371	117,725
TOTAL LIABILITIES	2,078,617	5,228,740	7,307,357	130,912
DEFERRED INFLOWS OF				
RESOURCES				
Deferred Pension Credits	65,402	56,182	121,584	
_ J.J. Tod T Ollows Ordano			121,007	

# CITY OF EDMONTON, KENTLICKY STATEMENT OF MET POSITION - CONTINUED JUNE 30, 2016

		SWINSTON YES	Covernmental	CHARMAN
THE	Diast		partition.	Count Royalin Lat
	450,48 49,750	EV8.EV	1786, Lr 080, Br	CHREET LIABALT TERRILO Accounts Payatik Payroll Withholdings
	103.3 3.263 50,045 4501,684	195.8 690.4 181.55 Wag pas	¥69.81	Accused Expenses  cat located  tat located  tat select  tat select  vaccusel  Vaccusel
Y81,21	182,461 100,581 863,572	155 576 155 576	(88,80)	Loans Payacie Loasss Payable Internal Payable
TRYET	VVa <sub>c</sub> astiy <u>i</u>	625,632,1	940,781	Total Current Liabilities
	907,02	001,01 000,001		Licellines Payable FROM Accrise laterast Accrise laterast Current Portion or Ecvenue Bonds
	952,554	147,509	0	Total Laboritae Paysiste Programmer
	2,505,743	2,508,743		WOM-CURRENT LIMBHITIES LONG-Term Portion of Pinancing Revenue Bonds Loans Payelile
1 (7,795	085,111 945,851	985, (11 845, 851		Kentucky League of Cities RIA Edmonton State Bunk Leases Payable
	748,088 719,78 000,381 788,458,1		589,345 57,947 166,000 1,099,107	General Obligation Municipal Park Special Obligation 16400 - Sty Hell Net Parson Lieblity
907(31)	176,508,8		686, 159,1	anithicat. Linevis Direct Male T
130,912	772, 70C, V	057,200,2	2,0/1,617	TOTAL LIABILITES
	185,727		205.23	OPPRINCES INFLOVED OF RECOURCES

## CITY OF EDMONTON, KENTUCKY STATEMENT OF NET POSITION - CONCLUDED JUNE 30, 2016

usiness-type Activities	Total	COMPONENT
		UNIT
A CHARLES MAN		
9,071,528	11,307,386	1,921,317
	4,650	YHAMINA
603,552	603,552	nievoš)-
2	nadimevod 219	neal -
340,980	340,980	Public Public
n dilectors	36,688	9
	19,011	
	127	8
	101,461	816
1,802,379	1,980,323	85,797
11 919 441	14 304 180	2.007.114
	1,802,379 1,818,441	nousespari pna s tde0 meT-ano1 no fas

Total Component Unit

# CITY OF EDMONTON, KENTUCKY STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

	Program Revenues			
789U 18907 6	gaf-gas-(teo estilviri.k	Expenses	Charges for Services	Operating Grants and Contributions
			Assets.	thyso at salasym
FUNCTIONS/PROGRAMS	923, IX0, 6	2,255,658	000	Tiddelan to few
PRIMARY GOVERNMENT		4,650	Support of VI	Restriction for the Control of the C
Governmental Activities		Aceta		an nail thail
General Government Public Safety	9 (1) 2 (0) 2	247,730	-	19,005
Police		536,565	127	19,011
Fire		28,873		povine Service
E911		73,314		Vieta Ballet F
Street Department LGEA	WILL BERT	38,185	- noitset	30,728 1,084
Parks and Recreation		339,379	47,974	A AN ELIT IN STATE
Interest on Long-Term	Debt	46,692		<u> </u>
71,700,2	120,002,14	201,414,2		OFFICE PORTER
Total Governmental Activ	ities	1,310,738	48,101	69,828
<b>Business-type Activities</b>				
Water		1,505,042	1,503,423	-
Sewer		218,298	221,262	
Natural Gas		959,806	999,599	•
Total Business-type Activ	ities	2,683,146	2,724,284	0
<b>Total Primary Government</b>		3,993,884	2,772,385	69,828
COMPONENT UNIT				
Industrial Program		81,484	25,762	24,000
Total Component Unit		81,484	25,762	24,000

see accompanying notes to financial statements.

# Program Revenues Capital Grants and Contributions

# Net (Expense) Revenue

1,500	( 227,225)
50,000 - - - - - -	( 467,427) ( 28,873) ( 73,314) ( 7,457) 1,084 ( 291,405) ( 46,692)
51,500	(1,141,309)
324,706	( 1,619) 327,670 39,793
324,706	365,844
<u>376,206</u>	( <u>775,465</u> )
	(31,722)
0	( <u>31,722</u> )

	вышеей папрая
	THE PARTY CANADA
	\$4.6
Analysis (eappoints) tell	Osparellausinanies

(287 225)	
( 28,873) ( 78,374) ( 7,457) ( 231,466) ( 231,466)	
(R08, (A1, 5)	ena në
(Ch8.1 ) OTS.TSC ERT.SE	224,705
365,024	
(204,277_)	
(21,722)	
1.62 X 20 104 (20 10)	

# CITY OF EDMONTON, KENTUCKY STATEMENT OF ACTIVITIES - CONCLUDED FOR THE YEAR ENDED JUNE 30, 2016

	PRIMARY GOVERNMENT			
	Governmental Activities	Business-type Activities	Total	COMPONENT UNIT
CHANGES IN NET POSITION				
Net (Expense) Revenue	(1,141,309)	365,844	( 775,465)	( 31,722)
General Revenues				
Taxes	05 170		05 170	
Property Taxes Occupational Licenses and Tax	85,170 907,418		85,170	•
Insurance Premiums Tax	187,345		907,418 187,345	
Franchise Fees	9,605		9,605	
Investment Income	3,911	18,560	22,471	
Sale of Surplus Property	4,515	1,386	5,901	-
Miscellaneous	12,414	-	12,414	
Transfers		<u> </u>		
Total General Revenues				
and Transfers	1,210,378	19,946	1,230,324	0
CHANGES IN NET POSITION	69,069	385,790	454,859	( 31,722)
NET POSITION-BEGINNING	2,506,670	11,432,651	13,939,321	2,038,836
NET POSITION - ENDING	2,575,739	11,818,441	14,394,180	2,007,114

# CITY OF EUMORITON, KENTUCKY STATEMENT OF ACTIVITIES - CONCLUDED FOR 1945 YEAR ENDED JUME 30, 2016

	ANS	SMERYON YEAR	TMES	
	federalitation (CE)	ndyl-seniaus sestetina	JadoT	COMPONENT
CHANGES IN NET POSITION				
Not (Expense) November	(606,565,37)	365,844	(285,277 )	(887,00 )
General Revensies  Property Taxos  Codupational Licenses and Tax Instrance Premiums Tax Investment Incerse Sais of Surgius Preperty Alacologics Transcess	25.179 207.345 207.345 187.345 2.211 4.515 12.414	038-81 885-1	95,170 917,418 157,345 157,345 9,605 22,471 5,907 12,414	
Fotal Berrard Revenues and Trabaltes	BTE,G19,1	18,948	FS6,066,1	0
NOTES IN NET POSTECH	089,98	385,790	938,838	(237,762)
DMMMMDS8-YOFFFOR TSH	3,506,670	1, 432, 95	198,608,61	
NET POSITION - ENDWG	2,075,739	11,818,411	081,586,61	AFT 500.5

se accompanying notes to financial statements

# CITY OF EDMONTON, KENTUCKY BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2016

	General Fund	Special Revenue Funds	Total Governmental Funds
ASSETS			
Cash on Hand and in Banks Receivables, Net of Allowance for Uncollectible Accounts	765,416	33,053	798,469
Property Taxes	2,213		2,213
Due from Other Funds	453,898		453,898
Due from Other Governments Restricted Assets - Cash and Savings	20,000	3,635	23,635
General Fund Reserve	4,650	-	4,650
TOTAL ASSETS	1,246,177	36,688	1,282,865
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	11,353		11,353
Payroll Withholdings	19,050		19,050
Accrued Expenses - Vacation	18,264	A 44 2 ( <u>-</u> /	18,264
Total Liabilities	48,667	0	48,667
FUND BALANCES			
Restricted	4,650	36,688	41,338
Committed			
Assigned		-	
Unassigned	1,192,860	<u> </u>	1,192,860
Total Fund Balances	<u>1,197,510</u>	36,688	1,234,198
TOTAL LIABILITIES AND FUND BALANCES	1,246,177	36,688	1,282,865

See accompanying notes to financial statements.

## CITY OF EDMONTON, KENTLICKY BALANCE SHEET - GOVERNMENT AL FUNDS JUNE 20, 2010

Total Sovennentni Funds			
798.AE0		765,416	ABSETS Cash on Hend and in Banks December, Net of Allowance
2,218 466,888 20,686	368.6	815.5 868.684 000,05	for Uncollectual Accounts Properly Trixes Due non Other Parits Oue from Other Seventments Recripted Accets Cash and Bavings
TOO SHOTE		038,3	Ganeral Pund Reserve
1,202,365		271.895.2	TOTAL ASSETS
			LIABILITIES AND FUND BALANCES
686,11 986,01 988,01		08001 08097 18251	EISERLETEES ACTELINES Payable Puynon VEHISTORINGS Accepted Expenses - Vacation
YAD, DA		188,81	Total Lightities
865,14 086,507,1	889,85	089, a 088, 884_h	FIRED BALANCES Losmonics of Committee of Com
901.661.1	888,08	012,761,1	Potel Fund Bolances
202,205,1	849,82	1,208,777	TOTAL LIABILITIES AND PUND BALANCES

smanuelle la prent de males la diserca a saletacente

# CITY OF EDMONTON, KENTUCKY RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2016

Total Fund Balances - Total Government	ental Funds	1,234,198
Amounts reported for <i>governmental</i> different because:	activities in the statement of net position are	
	of accumulated depreciation of (\$2,170,496), and, therefore, are not reported in the funds.	3,166,701
Long-term liabilities of (\$930,843) and are not reported in the funds.	are not due and payable in the current period See Note 3 for additional details.	( 930,843)
resources, and deferred inflows of	the net pension liability, deferred outflows of f resources related to its participation in the vstem pension plan are not recorded in the led in the Statement of Net Position.	( <u>894,317</u> )
Net Position of Governmental Activities	98	<u>2,575,739</u>

# OFFY OF SOMONTON, KENTUCKY PROCNICELATION OF THE SALANDE SHEET OF COVERNMENTAL FUNDS TO THE STATEMENT OF MET POSITION JUNE SO THE STATEMENT OF MET POSITION

1,204,198	Yourd Fund Balances - Total Governmental Funds
	Amounts resorted for governmental wolfwires in the statement of not coallien are collien and ciffenent processes.
3,166,101	Capital assets of \$5,337,197, not of accumulated depreciation of (\$2,170,496), are not corrent fritancial resources and, therefore, are not repurise in the flures. See Note 3 for additional details.
(849,068 )	Long-term liabilities or (\$930,643) am not due and payable in the burent period and also outsparted in the funds. See Mate 3 for additional details.
(548,298_)	The City of Comercial's share of the cet peneron liability defends outflows of resources, and determed inflows of resources related to its participation in the Courty Employees Retirement Tyelom peneron plan are not recorded in the governmental tungs, but are recorded in the Statement of Net Position.
RETERET	Net Position of Bovernmental Activides

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# CITY OF EDMONTON, KENTUCKY STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Funds	Total Governmental Funds
REVENUES	Tuno	Tunes	rundo
Property Taxes	85,170		85,170
Occupational Licenses and Tax	907,418		907,418
Insurance Premiums Tax	187,345		187,345
Franchise Fees	9,605		9,605
Intergovernmental Revenue	38,016	31,812	69,828
Penalties and Fines	127		127
Parks and Recreation	47,974	-	47,974
Other	12,414	<u> </u>	12,414
Total Revenues	1,288,069	31,812	1,319,881
EXPENDITURES			
Current			
General Government Public Safety	186,103		186,103
Police	456,004		456,004
Fire	28,873		28,873
E911	73,314	-7	73,314
Street Department	3,550	34,635	38,185
Parks and Recreation Capital Outlay	270,640	-	270,640
General Government	9,155		9,155
Police	124,132		124,132
Park	20,950		20,950
Debt Service			
Principal	104,531		104,531
Interest	40,626	-	40,626
Agent Fees	6,066	<u> </u>	6,066
Total Expenditures	1,323,944	34,635	1,358,579
EXCESS OF REVENUES OVER			
EXPENDITURES	(35,875)	( 2,823)	( 38,698)
OTHER FINANCING SOURCES			
Interest Income	3,876	35	3,911
Surplus Property Sales	4,515		4,515
Grant Proceeds	51,500	(47.400)	51,500
Transfers In and (Out)	17,109	( <u>17,109</u> )	0
Total Other Financing Sources (Uses)	77,000	(17,074)	59,926
NET CHANGES IN FUND BALANCES	41,125	(19,897)	21,228
FUND BALANCES - BEGINNING	1,156,385	<u>56,585</u>	1,212,970
FUND BALANCES - ENDING	1,197,510	36,688	1,234,198

See accompanying notes to financial statements.

# OTY OF EDMONTON, KENTUCKY STATEMENT OF REVENUES, KUPENDITUMES, AND CHARGES IN FUND BALANCES - GOVERNMENTSL FUNDS POR THE YEAR ENGINE MIN 2016

Polai Dovennachal Puešu	Jethwest Payer us Funds	briede D bright	
611.68		651.38	REVENUES Property Texes
819,100 240,761 508,2		907,418 187,345 9,605	Cucepational Licences and Tax Insprance Premiume Tax Eremitise Index
69,820 727 47,974	218,12	010/86. 101 AVE 10	Perental Revenue Processes Personal Processes Processes Processes Processes Personal
		475.M	Orner
199,612,1	\$28.65	1,886,086	Total Revenues
			REPORTURES COMEST
			Sanara General General Fubic Setety
456,804		498,004 28,673 70,814	esite® AIPI Turkin IIII
416,87 38,186 370,410			Street Department Perks and Recreation Capital Dutay
BBT PST SBT PST SBE OBE		251-2 351-491 038-03	General Government Police Park
104,531		168,401 48,826	Ceptage Service Servic
880,8			Agent Flore
UTB,888,7	669,62	1,083,046	Total Engelditures
(999,68)	(2,602)	(876,68)	EXCERS OF REVENUES OVER
1/10,E 218.P	BE .	3,376	OTHER PINARSONS SOUNCES Interest Insome Surplus Property Sales
998,18	(001.51)	17,100	Grant Proceeds Transfers Inanti (Out)
650,97	(\$50,57)	777,930	Total Other Financing Sources (Used)
21,428	(18.897)	861,10	NET CHANGES INFLIND BALANCES
		335,881	OFFININGER - SECRETARIES
391,678.1	250.05	ara.191.1	DHICKS - SMORE CHILD

See accompanying runes to brancial statements

### CITY OF EDMONTON, KENTUCKY RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES **JUNE 30, 2016**

### Net Changes in Fund Balances - Total Governmental Funds

21,228

Amounts reported for 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 estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$154,237 exceeded depreciation of (\$101,911) in the current period. See Note 3 for additional details.

52.326

The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayments of debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The amount of debt payments was \$104,531. See Note 3 for additional details.

104,531

Changes in the City of Edmonton's share of net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds, but are reported in the statement of activities.

(109,016)

Change in Net Position of Governmental Activities

100000 100000 A 1000000 1 69,069

See accompanying notes to financial statements.

# CITY OF EDMONTON, KENTUCKY STATEMENT OF NET POSITION - PROPRIETARY FUNDS JUNE 30, 2016

ands as much.

600.10 AGG-TO	Enterprise Funds			
ASSETS	Water	Sewer	Natural Gas	Total
CURRENT ASSETS 15 2011/100 To Jo	water	Sewer	Walter Inc. and P	ocial 2000000
Cash on Hand and in Banks Investments	1,749,484	239,924	955,502 385,167	2,944,910 385,167
Receivables, Net of Allowance for Uncollectible Accounts	as expenditures.	capita outbys	mager about to	Governmenta
Trade Accounts	136,377	19,952	37,831	194,160
Due from Other Governments	146,710	anne de la companya d	TOO MANUAL AND	146,710
Internal Receivable	312,286	organic ropostoka <del>Grando Is</del> ric	127,388	439,674
Total Current Assets	2,344,857	259,876	1,505,888	4,110,621
RESTRICTED ASSETS	mer-gnol acasex	orl tast prime	el fud abnui	levaernmavag
Cash and Savings	ers fagigains the	to to sinemy said	B inothises ten	to Dismarate
Sinking Funds to the seasons and the seasons are seasons as the seasons are seasons are seasons as the seasons are seasons are seasons as the seasons are seasons as the seasons are seasons are seasons as the seasons are seasons as the seasons are seasons are seasons as the seasons are seasons as the seasons are seasons are seasons as the seasons are seasons as the seasons are seasons are seasons as the seasons are seasons as the seasons are seasons are seasons as the seasons are seasons are seasons as the seasons are se	150,626	66,233	it turd sabriut !	216,859
Funded Depreciation	378,814	7,879	nesticos ten	386,693
Other Cash	340,980	2	eliend handle	340,982
Total Restricted Assets	870,420	74,114	or <del>est 0</del> er	944,534
NON-CURRENT ASSETS	urees for the cu	daar to awathi	beneleb bits.	and resources
Capital Assets	ible sill ill trahecia	n the 31d stead	e governmental	at arbeitegen
Land	88,363	1,500	-	89,863
Other Capital Assets, Net of		layitok bilangani	residen of Geve	Change In Not 1
Accumulated Depreciation	6,567,051	3,732,628	1,476,579	11,776,258
Deposits	85			85
Total Non-Current Assets	6,655,499	3,734,128	1,476,579	11,866,206
TOTAL ASSETS	9,870,776	4,068,118	2,982,467	16,921,361
DEFERRED OUTFLOWS OF				
RESOURCES		46.40-		400.000
Deferred Pension Charges	90,033	12,425	79,544	182,002

	Enterprise Funds			
LIABILITIES AND FUND EQUITY	Natural			
	Water	Sewer	Gas	Total
CURRENT LIABILITIES Accounts Payable Accrued Expenses	53,894	2,185	17,492	73,571
School Tax	3,753		1,848	5,601
Sales Tax	2,231	248	620	3,099
Vacation Accrual	14,695	1,794	15,692	32,181
Meter Deposits	253,951	1,734	147,993	401,944
Current Portion of Loans Payable	18,461		70,000	88,461
		212 206		
Internal Payable	550,120	312,286	31,166	893,572
<b>Total Current Liabilities</b>	897,105	316,513	284,811	1,498,429
LIABILITIES PAYABLE FROM				
RESTRICTED ASSETS				10 700
Accrued Interest	38,598	2,111	-	40,709
Current Portion of Revenue Bonds	91,800	14,800		106,600
Total Liabilities Payable				
From Restricted Assets	130,398	16,911	0	147,309
NON-CURRENT LIABILITIES				
Long-Term Portion of Financing				
Revenue Bonds Payable	1,849,343	657,400		2,506,743
Loans Payable				
Kentucky League of Cities		1.	111,250	111,250
KIA	128,249	•		128,249
Net Pension Liability	393,483	58,900	384,377	836,760
Total Non-Current Liabilities	2,371,075	716,300	495,627	3,583,002
TOTAL LIABILITIES	3,398,578	1,049,724	780,438	5,228,740
DEFERRED INFLOWS OF				
RESOURCES				
Deferred Pension Credits	26,548	3,939	25,695	56,182
NET POSITION				
Invested in Capital Assets,				
Net of Related Debt	4,714,271	3,061,928	1,295,329	9,071,528
Restricted for	7,717,271	0,001,320	1,233,023	3,071,320
Debt Service	529,440	74,112		603,552
	529,440			
Sewer Project	240 000	2		240,000
Other	340,980	( 100 160)	060 540	340,980
Unrestricted (Deficit)	950,992	( 109,162)	960,549	1,802,379
TOTAL NET POSITION	6,535,683	3,026,880	2,255,878	11,818,441

See accompanying notes to financial statements.

	as Funcia	Eniorpri		
isto7	esta esta esta esta esta esta esta esta		nataW	VITRIDE GRAUT CMS CONTINUE
173,671	SEATT		A98,88	CURRENT LIABILITIES ACCOUNTS Payable Accounts Payable Account Expenses
8,600 8,000 181,32 181,94 401,946 183,678	1,848 620 15,692 147,993 70,000 91,195	248 1.794 312,286	2,760 2,281 14,605 14,605 260,120	Solpel Tax Sales Tax Vacation Acostal Meter Deposits Current Forden of Loans Pavable othernal Payable
RSA-884.1	118,880	316,513	301,768	Total Curvent Listinies
40,765 706,600		2,111	56,500 91,880	LIABIL ITHS PAYABLE FROM RESTRICTHE ASSETS Accrused Interest Current Portion of Revenue Boads
60E.7E1	0	16,814	888,921	From Redwicted Assets
2,506,748 111,250 128,249	088, t st	867/46b	128,249	NON-CURRENT LIABILITIES Long-Fern Polition of Financing Havanue Bonde Payable Loans Payable Kanturky League of Cines Kuk
097.808	VVE.198	007.83	393,483	Not Pension Liability
3,563,062	728,621	716,300	570 1762	asitifica Lineari Could fato T
DAY, BUS, E	862,087	1,040,129	9,395,578	CHITLEBALL JATOT
591,63	208,88	989,6	550.5%	OFFERRED HAL OWS OF RESOURCES Detained Penaton Gredits
9,071,626	980,000.7	3,067,1988	175,517,6	NET POSITION Invested in Capital Assets Net of Rejered Debt
988 508 980,980 980,308	960,089	74,112 2 (109,163)	529,440 340,980 350,982	Flestricted for Death Benvice Pawer Freject Other Ukrastocked (Deficit)
110,810,11	816,885.5			TOTAL MET POSITION

Strength shared to the first statements

# CITY OF EDMONTON, KENTUCKY STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2016

short scholariti	Enterprise Funds			
Tatula II	Natural Natural			
MAST SUPPLY TO TAKE	Water	Sewer	Gas	Total
OPERATING REVENUES		E MILE	<b>计划可以 编集计划 U</b>	Helian Manu
Charges for Services	1,432,298	216,924	984,704	2,633,926
Miscellaneous	71,125	4,338	14,895	90,358
		101 (10)	COURT OF BINDS	WSH 用用商品
Total Operating Revenues	1,503,423	221,262	999,599	2,724,284
OPERATING EXPENSES	307,707		201	nrie2 tot
Salaries and Wages	253,873	34,013	195,656	483,542
Gas Purchased	200,070	-	421,172	421,172
Water Purchased	472,982		Adda for your self to the	472,982
Utilities and Telephone	The second secon	44,573	6,115	
	41,203		THE RESERVE OF THE PERSON NAMED IN COLUMN 2 IN COLUMN	91,891
Materials and Supplies	91,548	18,822	23,766	134,136
Auto Expense	19,164	562	17,739	37,465
Insurance	90,293	14,984	92,413	197,690
Postage and Freight	9,187	1,125	8,052	18,364
Depreciation	292,344	50,213	56,802	399,359
Legal and Accounting	9,622	2,950	8,850	21,422
Payroll Taxes and Retirement	99,932	14,797	92,962	207,691
Miscellaneous Expenses	30,113	15,346	24,683	70,142
Bad Debt Expense	8,055	1,911	3,088	13,054
(680.18 1) (680.18			) is econous o	0.1762
Total Operating Expenses	1,418,316	199,296	951,298	2,568,910
OPERATING INCOME	85,107	21,966	48,301	155,374
NON-OPERATING REVENUES (EXPENSES)			aloff by a latic	80 VII
Grant Income	(0.82,86)	324,706	cing Activities	324,706
Gain (Loss) on Sale of Assets	( 1,139)	2,525		1,386
Interest Income	10,801	1,486	6,273	18,560
Bond Interest	( 86,726)	( 19,002)	0,270	
	( 00,720)	( 19,002)	/ 7.400)	( 105,728)
Loan Interest	*		( 7,438)	( 7,438)
Loan Fees			( 1,070)	( 1,070)
Total Non-Operating			PROBLEMENTS	CABIN PLOVIS
Revenues (Expenses)	( 77,064)	309,715	( 2,235)	230,416
1,496 18,540	TURIOT			Market Comp.
INCREASE IN NET POSITION	8,043	331,681	46,066	385,790
NET POSITION - BEGINNING	6,527,640	2,695,199	2,209,812	11,432,651
NET POSITION - ENDING	6,535,683	3,026,880	2,255,878	<u>11,818,441</u>

See accompanying notes to financial statements.

CASH - END OF YEAR

# CITY OF EDMONTON, KENTUCKY STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2016

Engalgates Pande	Enterprise Funds			
			Natural	T-4-1
CASH FLOWS FROM OPERATING	Water	Sewer	Gas	Total
ACTIVITIES	DOC OOK 1			ni santa ante
Cash Received from Customers Cash Payments to Suppliers for	1,425,923	216,619	974,168	2,616,710
Goods and Services Cash Payments to Employees	( 746,324)	(155,475)	( 605,991)	(1,507,790)
for Services	( 307,707)	(40,264)	( 243,271)	( 591,242)
Other Operating Revenues	71,125	4,338	14,895	90,358
Net Cash Provided	258,574			ne in reace nu TraxeVy
by Operating Activities	443,017	25,218	<u>139,801</u>	608,036
CASH FLOWS FROM CAPITAL AND	40 1.01 60 0 0.0		980	HORE OWA
RELATED FINANCING ACTIVITIES	787.0			Le apsido a
Grant Proceeds Received	N. 2 (8) 2	324,706	- 00	324,706
Acquisition of Capital Assets	( 17,819)	(216,560)	( 14,995)	( 249,374)
Proceeds from Sale of Assets Payments on	1,040	2,525	os and Policent	3,565
Revenue Bonds	( 86,600)	(119,500)	beneax:	( 206,100)
Kentucky League of Cities			( 67,083)	( 67,083)
Interest Paid on Revenue Bonds	1415,016	and the	ocich patientest	1 Mol
and Notes Payable	( 95,471)	( 19,002)	(8,508)	( 122,981)
Net Cash Used	381,59		EMOUN	E APRICATION OF
by Capital and Related		(6)(3)(3)(3)(4)	BENEFIT OF	<b>特别的一种影片</b>
Financing Activities	( 198,850)	(27,831)	( 90,586)	(317,267)
083.81 832.8 883.1	rea or		94710	uni teetami
CASH FLOWS FROM NON-CAPITAL	(087.98 )		Tel	rate been
FINANCING ACTIVITIES	0	0	0	and the second
CASH FLOWS FROM INVESTING			wallestern't ma	
ACTIVITIES (1990)	ENSON ST. A		and the second of the second	avalii
Interest Income	10,801	1,486	6,273	18,560
Net Cash Provided by	taria		vortieos rav	IN BEASSON
Investing Activities	10,801	1,486	6,273	18,560
NET INCREASE (DECREASE) IN CASH	254,968	( 1,127)	55,488	309,329
CASH - BEGINNING OF YEAR	1,494,516	241,051	900,014	2,635,581
CASH - END OF YEAR	1,749,484	239,924	955,502	2,944,910

	Enterprise Funds				
			Natural		
	Water	Sewer	Gas	Total	
RECONCILIATION OF OPERATING					
INCOME TO NET CASH					
PROVIDED BY OPERATING ACTIVITIES	05.407	04 000	40.004	455.074	
Operating Income	85,107	21,966	48,301	155,374	
Adjustments for Items not Providing					
or Using Cash					
Depreciation	292,344	50,213	56,802	399,359	
(Gain) Loss on disposal of Assets	1,139	( 2,525)		( 1,386)	
(Increase) Decrease in					
Receivables, Net of Allowance					
Trade Accounts	( 6,375)	( 305)	( 10,536)	( 17,216)	
Restricted Assets - Cash and Savings					
Sinking Funds	28,543	( 1,022)		27,521	
Funded Depreciation Funds	(16,792)	( 2,793)		(19,585)	
Other Cash	(1,551)		( 1,732)	(3,283)	
Increase (Decrease) in			4		
Accounts Payable	6,772	(48,940)	( 1,786)	(43,954)	
Accrued Expenses					
School Tax	1,254		( 591)	663	
Sales Tax	1,139	78	( 446)	771	
Vacation Accrual	5,769	1,629	( 1,279)	6,119	
Meter Deposits	5,339		4,442	9,781	
Due to Other Funds				0	
Pension Deferred Inflows/Outflows	40,329	6,917	46,626	93,872	
Net Cook Brouded					
Net Cash Provided	449.047	05 010	120 001	600 026	
by Operating Activities	443,017	25,218	139,801	608,036	

		Enterpris		
saleT	Invaled 2021		15/BW	
106,374	48,301	26C, IS	85,167	ESCONCILIATION OF OPERATING INCOME TO JET CASH PROVIDED BY OPERATING ACTIVITIES Coording Income Advisionals for nems not Providing
278,696 (896,1 )	Staraa	60,210 ( 2,526)	546,399 961,1	or Jeing Cach Deperciation (Galhy Lose on disposal of Assets (Increase) Duchese in
(17.218)	(383,01.)	(306)	(ETC )	Receivables, Net of Allowance Trade Accounts
27,521 (19,585) (-3,265)	( 1,732)	(SSO, f ) (EST, S )	28,643 (16,792) (1,551)	Rectholed Assets - Crah and Savings Sinking Funds Funded Depreciation Funds Other Cash
	(887,7	(046,64 )	6,772	Increase (Coccesse) Accounts Payable
653 771 6,116 9,781 0 93,872	( 591) ( 1,370) 6 442 45,886	71,629	1,254 1,109 5,769 5,239 40,329	Accused Expenses  Buncel Tax  Seles Tax  Vacation Accust  Meter Disposits  Due to Otter Funds  Pansion Datemed inflows/Outflows
820,806	188/861	875.85	Vro.868	Ner Capit Provided by Greenling Activities

### CITY OF EDMONTON, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### FINANCIAL REPORTING ENTITY - BASIS OF PRESENTATION

The City of Edmonton was chartered in 1860. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police fire, and E911 dispatching); highways and streets; water, sewer, and natural gas utilities and public improvements; planning and zoning; parks and recreation; and general administrative services.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Statements No. 14 and No. 39 of the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. There are two methods of Presentation of Component Units:

### **BLENDED COMPONENT UNITS**

Blended component units, although legally separate entities from the City, are in substance part of the City's operations, so data from the component unit is combined with data of the City. There are no blended component units for the City of Edmonton.

### **DISCRETELY PRESENTED COMPONENT UNITS**

Discretely presented component units are reported in separate columns and rows in the government-wide financial statements to emphasize that they are legally separate from the City. Only the discretely presented component unit disclosures considered essential to the fair presentation of the reporting entity's financial statements are presented in these notes. The entity that has been included as a discretely presented component unit in the City's financial statements is as follows:

**Edmonton-Metcalfe Industrial Development Authority** - accounts for revenues and expenditures of industrial development activities.

### **GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

### **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. The primary government and component unit 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.

### CITY OF EDMONTON, KENTUCKY NOTES TO FENANCIAL STATEMESTS JUNE 30. 2016

### 1. SUBSIARY OF SIGNISIONT ACCOUNTING POLICIES

### FILLAMOSAL REPORTING ENTITY - HASIS OF PRESERVACION

The City of Edmonton was observed in 1690. The City operates under a Mayor-Council form of government and provides the following services as archorized by its starter, public safety (police for and EST) dispatching), increwes and services, waver, server, and returning das utilities and public improvements, planning and senting, garles and recreation, and general administrative services.

It evaluating how to define the City for imanois reporting purposes, inarriagament has considered at potential component unit. The decision to include a potential component unit to the reporting entity was reads to applying the decision to include a potential component to applying the ordered social statements for the notion of deviations of the component unit virtual the depoting entity is the governing policy's ability to exercise ordered the responsibility of exercise ordered to the relations of the ability is the notion of this ability is then ability in the relations of the ability to exercise oversight responsibility include our are not limited to the relations of develoing authority the designation of matter the ability to applying another the ability in the calculation of matter the ordered ordered conscions to include another assence of special flagoring relationships, in gentiess of whether the City is able to exercise oversight responsibilities. There are no managed to exercise the responsibilities. There are no managed to the exercise of special flagoring relationships, in genties of whether the City is able to exercise oversight responsibilities. There are no managed to the exercise of the exercise

### STRUCTURED COMPONENT DISTE

Blended decipations units, elthough legally separate entities from the City, are in substance part of the City's eyengtions, so use from the companent upit is combined with data of the City. There are no blended component units for the City of Edmonton.

### STINU TREMOGRADA DETREMANDE VALUE AND COMPANY VALUE OF THE PROPERTY OF THE PRO

Discretely presented obsequent units are reported in separate columns and rows in the government-wide financial stations are amonapted that they are legally separate from the City the discretely presented component unit discretely presented components are presented in these notes. The entity that are personal inductor as a discretely presented component unit in the City's financial statements as larger.

Edition of Material Industrial Development Augiculty - accounts for revenues and expenditures of industrial development schures.

### STANDARD OF THE TRANSPORT OF THE GRAY BETAL COUNTRIES OF

### Covernoral vicie Financial Strietherns

The government wide imaginal statements include the statement of net position and the cratement of activities. These statements report financial information for the City as a whole. The primary government and component unit 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, deherally supponent by taxes and City general rewindes, from this supponent to the pain with feet charged to external distinguishes, generally financial in whole or in pain with feet charged to external distinguish.

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# CITY OF EDMONTON, KENTUCKY NOTES TO FINANCIAL STATEMENTS - CONTINUED JUNE 30, 2016

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### **GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - CONCLUDED**

### **Fund Financial Statements**

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. 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.

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental funds and enterprise funds are reported in separate columns with composite columns for nonmajor funds.

### MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States of America as applicable to government units. 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, in which case GASB prevails.

Beginning July 1, 2003, the City changed its financial reporting to comply with GASB Statement No. 34, *Basic Financial Statements* — *and Management's Discussion and Analysis* — *for State and Local Governments*. As part of the implementation of GASB Statement No. 34, the City is encouraged, but not required, to report major general infrastructure assets retroactively. Thus, the historical cost of infrastructure assets prior to July 1, 2003, is not included as part of the governmental capital assets reported in the government-wide financial statements.

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). Reimbursements are reported as reductions to expenses. Proprietary fund financial statements and financial statements of the City's component unit 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

# CITY OF EDMONTON, XENTERXY NOTES TO FINANCIAL STATEMENTS - CONTRIUSD JUME 30, 2018

## 1. RUMMARY OF BIOMHICANT ACCOUNTING POLICIES - COUNTAINS

### COMMENSATION - STATEMENTATE JAISTLAND SHOULD GAVE BELLEVING THE STATE OF

### Famul Flintyrolat Standard the

The statement of acquiries regards the expenses of a given function altest by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portage of a function summarize more than one funct to appare the expenses and program revenues asserties with a district functional activity. Program regulates include in the figure as a services which report face fines and indications, and other charges to users of the control of the services. (3) coexacting graphs and contributions which integer amount operating activities and contributions which fund the activities constitution, or returnisation of capital assists. These revenues are subject to according included with program revenue are program uses. Taxos and other revenue accords not presently included with program revenues are program uses.

Fund finencial statements are provided for governmental and productary-funds. Way individual governmental funds are reposed in separate solumns with composite columns for norminal funds.

### MEASUREMENT FOCUS. SASIS OF ACCOUNTING, AND PARACIAL STATEMENT FINISHITATION

The trachital statements of the Chy are prepared in accordance with accounting principles generally accorded in the United Structs of America as applicable to government units. The Chy singular actity applies all releasent Governmental Accounting Standards Ecerci (GASS) prenouncements and applies and applicable Firehold Accounting Converted Board (FASB) prenouncements and Accounting Converted Sound (FASB) prenouncements and accounting Entropyles Board (AFB) opinions included as an bedom toolwards to 1983, unites they rewrited with GASB prenouncements, in which case GASE prevails.

Beginning July 1 2003, the City changed its incursed reporting to comply with 1ASB Statement No. 34, 155 of Financial Reporting — one Kapageshares Discounted and Apagest — on Statement Local Toleransia. As part of the high-manual on CACB Soprement No. 34, the City is crucial agent for the tips of the high-major general infrastructure assets retroactively. Thus, the resource of infrastructure assets prior to July 1, CIO2 is not included as can of the several counter of several capital assets.

The government-vide caremonts repair ading the condition requires measurement hous and the acquire trade of elimination of internal sections trade of control trade of elimination of internal sections (server or within lynds). Premise seminary are reported as reductions to expenses, trade of internal semination of the City's committed until also report using the semination of acquarted of the semination of the control of the semination of th

Governmental rules financial statements report using the current invancial carecross manurement vidual statement to care the modified account based of accounting. Revenues are reportized when they are both manurable end evaluate as each enough the carecrostic end evaluate in the carecrostic care consistent to care current liabilities. The City considers revenues to be evaluate if they are

385

# CITY OF EDMONTON, KENTUCKY NOTES TO FINANCIAL STATEMENTS - CONTINUED JUNE 30, 2016

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

# MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION - CONCLUDED

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 intergovernmental revenues. In general, other revenues are recognized when cash is received. See Note 3 for related information.

Operating income reported in proprietary fund financial statements includes revenue 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, and then unrestricted resources as needed. See Note 3 for information describing restricted assets.

### **FUND TYPES AND MAJOR FUNDS**

### **Governmental Funds**

The City reports the following major governmental funds:

**General Fund** – reports as the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.

The City reports the following non-major special revenue funds:

Municipal Road Ald Fund - accounts for the revenues and expenditures of Kentucky gas tax refunds.

**LGEA Fund** – accounts for the revenues and expenditures of mineral severance tax.

### **Proprietary Funds**

The City reports the following major enterprise funds:

Water Fund – accounts for the operating activities of the City's water utilities services.

**Sewer Fund** – accounts for the operating activities of the City's sewer utilities services.

Natural Gas Fund – accounts for the operating activities of the City's natural gas utilities services.

### ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

### Cash and Investments

The City's cash consists of cash on hand and demand deposits. It is the policy of the City of Edmonton to invest public funds in a manner which will provide the highest investment return with

# CITY OF EMBORTON, KENTUCKY NOTES TO FINANCIAL STATEMENTS - CONTINUES NOTES TO FINANCIAL STATEMENTS - CONTINUES NUMBERS - CONTINUES

## 1 SUMMARY OF BISINGS AND ACCOUNTING POLICIES - CONTINUED

MEASUREMENT FOCUS, BASIS OF ACCOUNTSIC, AND INCANCIAL STATISMENT PRESENTATION CONSCIUNTS

collected within 60 days of the end of the flacal year. Expenditures are recorded when the related found fieldlifty is incurred, except for general obligation bould principal and interest, which the proceed as explanditures in the year size.

Vajor revenue seurose susceptible to econus) include property (axes, francisia texas (fext), and interpretervantal revenues. In gandral, other revenues are recognized when certs is received. See Note 18 for releved information.

Operating income reported to proprietly fund friendst statements unledes revenue and statements related to the primary distribution operations of the fund. Principal operating revenues or propriedity funds are charges in comprist for sales or services. Principal operating encets or services and include attributed expenses and treplate appendes and treplated as non-operating in the financial of capital assets. Other revenues and expenses are classified as non-operating in the financial datements.

Yhen both textricind and unrestricted resources are available for use, if it the Cliq/s.p-rhov to use estimated resources first, and then unrestricted resources as needed. See Note 3 for information Excepting restricted exects

### COMES ROLLAN ON ASSIST GISLIN

### Partial Principles

The City reports the following major newsrattental tends

Geograf Rand - reports as the primary fund of the City. This tund is used to account for all treatain respondes not reported in other funds.

The City network she intoving convergity ensole revenue funder

Assertigat Road Air Asse - account for the revenues and expanditures of Kentucky pas lax

AGE Fune - appaints for the revenues and expenditures of mineral silvers no tax

### Horal yreleticon

USDALLI SENELETAS TO ETT DIAMENDE SELETAGOST VILLESTI

Make Fund - accounts for the operating activities of the City's water 15thics services.

Server-Panal — at about lie for the bulleting activities of the Cay's seven utilities services.

Astwer Bau Fund - accounts for the oppretting activities of the City a natural gas utilities services

### YTELOGO RO UNDERGO TEM ONA SERVI HOALL STEEZA

### denn account base das D

The City's cash consists of shirt on hand and demand deposits. It is the palicy of the City of Edmonton to investigation and a manner which will provide the impossitive above neturn with

ASQ Page 3

# CITY OF EDMONTON, KENTUCKY NOTES TO FINANCIAL STATEMENTS - CONTINUED JUNE 30, 2016

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### ASSETS, LIABILITIES, AND NET POSITION OR EQUITY - CONTINUED

### Cash and investments - Concluded

the maximum security of principal while meeting the daily cash flow demands of the City of Edmonton and conforming to all State statutes and the City of Edmonton regulations governing the investment of public funds. Additional cash and investment information is presented in Note 3.

### **Capital Assets and Depreciation**

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. The City maintains infrastructure asset records consistent with all other capital assets. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with cost of \$1,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to an asset's value or materially extend its useful life are not capitalized, but are expensed as incurred.

Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and related accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is reported in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Infrastructure	25-50
Improvements, other than Buildings	20-25
Equipment and Furnishings	5-10
Vehicles	3-10

For information describing capital assets, see Note 3.

### **Long-Term Debt**

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts, or premiums, and the difference between the requisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Additional information regarding long-term debt is shown in Note 3.

### **Deferred Outflows and Inflows of Resources**

As defined by GASB Concept Statement No. 4, *Elements of Financial Statements*, deferred outflows of resources and deferred inflows of resources are the consumption of net position by the government that are applicable to a future reporting period and an acquisition of net position by the government that is applicable to a future reporting period, respectively.

In addition to assets, the statement of net position and the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element,

### OFF OF EDMONTON, KENTUCKY NOTES TO FINANCIAL STATENESS - CONTINUED ADME 30, 2015

## T. SUMMARY OF SIGNAFCANT ACCOUNTING POLICIES - CONTINUED

### ASCETS, LIAGRATINES, 1910 HET ROSITION ON SIGHTY - CONTRIGED

### Cash and Investments - Concluded

the maximum sequency of principal white meeting the daily each flow demands of the City of Edmination and conforming to all State electrics and the City of Edminster deputations governing the investment of public funds. Additional cash and investment intermining its presented in Note 3.

### Carried Assets and Deposition

The City's pricinally claim, equipment, and intrastructure with useful lives of more than one year are stand at instanced cost and comprehensively received in the government-virus financial statements, the City maintains intrastructure asset receive consistent with all other maptial assets. Denoted useds are stated at fair value on the units consisted. The City generally capitalized with control of \$1,000 or more as painthase and consistent codays occur. The costs of normal maintained but are that do not add to an assets value or materially extend to useful life are not constalled but are expensed as incurred.

Capital sesera, including those of component units, are depreciated using the shalph-line method. When each is seeds are disposed, the open and related accumulated depreciation are removed to any the respective ecounts, and the resulting gain or loss is reported in premations.

Estimated usait/I lives, in years, for exprecisely assets are as for ever

	Buildings and Intrastructure
20525	Improvements, other than Eutlängs
01-8	Equipment end of a service service and a service servi
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For information describing capital assets, see Note 3

### Loud Tarm Daby

In the government vade proprietery, and component unit financial aterements, outsitiered debt is expensed as flabilities. (Sond fusuance costs, bend discounts, or premiums, and the difference between the repression under any time net carrying value of refunded district are capitalized and amedized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental hand financial statements recognize the unusable of debt and premiums as other financing sources of the current period. Additional information regarding long-term deft is strought in Note 3.

### Deserred Commissional Indiana of Transmos

As defined by GASE Concept Statement No. 4. Elements of Financial Statements, deferred outflows or resources and deferred inflaws of resources are the consumption of net position by the government that are applicable to a future reporting perfect and an acquisition of net position by the government that is applicable to a future reporting banket, respectively.

In addition to assets, the statement of net position and the belence sheat will sometimes report a sentrate segment of the outlows of resources. This sentrate financial statement element,

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# CITY OF EDMONTON, KENTUCKY NOTES TO FINANCIAL STATEMENTS - CONTINUED JUNE 30, 2016

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### ASSETS, LIABILITIES, AND NET POSITION OR EQUITY - CONTINUED

**Deferred Outflows and Inflows of Resources - Concluded** 

deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has one type of deferred outflows of resources: The City reports deferred pension charges in its statements of net position in connection with its participation in the County Employees Retirement System. These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the statement of net position and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has one type of deferred inflows of resources: The City reports deferred pension credits in its statements of net position in connection with its participation in the County Employees Retirement System. These deferred pension credits are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

### **Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments. Unrestricted net position relates to those assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

### Fund Balances - Governmental Funds

The City of Edmonton, Kentucky, has applied GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City of Edmonton, Kentucky, is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

**Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City does not have any nonspendable resources as of June 30, 2016.

**Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through

# CITY OF EDWONTON, ICENTURKY MOTES TO PINANCIAL STATEMENTS - CONTINUED JUNE 30, 2016

## I. SUBMART OF SIGNIFICANT ACCOUNTING FOLICIES - CONVINCIN

### ASSETS, LABBILINES, ARE NET POSITION OF BORLLY - COMMUNED

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desired address of rescures, represents a consumption of not position that applies to a return periodist and so will not be rendented as an outlow of rescuroes largersedaphenditured until them. The City consumpty has one type of deferred address of resources. The City reports until the Consumption of its squements of set position in connection with its periodicion in the County Employees Restance to System. These domined provide also what is periodiced as a requal of the earliest of the periodic period as a requal of the contribution of the greatest field the periodic periodic materials of the periodic and respective contribution as person expense in lutters periods in accordance with GAAR.

In audition to liabilities, the circumstruct net position and the betance shaet will consider report a separate section for determent inflows of resources. This separate financial statement elations, defined inflows or resources, represents an acquisition of that position that spales to a future period(s) and earlies with not be reodoplized as an inflow of resources (tayence) until that time. The City currently has one type of defended inflows of resources. The City reputs defining person are differently in as statements of net position in connection with its garricipation in the County Eimplayees Platinement System. These distances persons are uncollecting a systematic and retoral method and recognized as a reduction of pension expense in future periods in accordance with the Arabical and recognized as a reduction of pension expense in future periods in accordance with

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Net position represents the difference between secure and habitines. Not position involved or capital assets, net of related debt consists of capital assets, net or accumulated depreciation, recoded by the outstanding balances of an perrowings upon for acquisition, absoluted as restricted when there are invitations imposed on the security through enabling legislation adopted by the City or incough enabling legislation adopted by the City or incough estematines imposed by cuddities, graniting, or lows and regulations of other governments. Uposition relates to those assets that do not ment the demitter of mentioned invested and position relates to those assets that do not mention of in entroted or

### Fund Balances - Governmental Funds

The City of Editionian, Nationally, has applied GAGs Statement No. 54, Pard Bulance Reporting and Covernmental Final Tigue Debritions. This statement province rooms clearly defined food balance occupance to mean a nervice and extent of the operations placed on a government that palances transform the transparent. The governmental fund financial statements present fund outliers the classifications that complise a heteropy mat is based partially on the extent to which the City of Editional Restricts is sound to honer constraints on the specific purposes for white amounts in the respective governmental timos can be specific. The describesions used in the governmental fund financial statements are as follows:

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Assistant - This classification transfer amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors cruck as through a debt coversoil, granters, contributors, or laws or regulations of other governments, or (b) imposed by low through

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# CITY OF EDMONTON, KENTUCKY NOTES TO FINANCIAL STATEMENTS - CONTINUED JUNE 30, 2016

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### ASSETS, LIABILITIES, AND NET POSITION OR EQUITY - CONCLUDED

### Fund Balances - Governmental Funds - Concluded

constitutional provisions or enabling legislation. The City has classified restricted assets for special revenue funds as being restricted because their use is restricted by State statute for Municipal Road Aid and LGEA expenditures. Debt service resources are to be used for future servicing of the general obligation bond and are restricted through debt covenants.

**Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City did not have any committed resources as of June 30, 2016.

Assigned – This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the Mayor through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund. The City did not have any assigned resources as of June 30, 2016.

**Unassigned** – This classification includes amounts that are available for any purpose. At June 30, 2016, the City had the remaining fund balance in the general fund as unassigned.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

### REVENUES, EXPENDITURES, AND EXPENSES

### **Property Taxes**

Property taxes are recognized as revenue to the extent they are both measurable and available.

### **Compensated Absences**

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Generally, after one year of service, employees are entitled to all accrued vacation leave upon termination. The estimated liability for vested vacation benefits attributable to the City's governmental funds is recorded as an expenditure and a liability in the respective funds.

Unpaid accumulated sick leave is not recorded due to the contingent nature of the liability. The amount is earned, but only to be taken subject to the employee's illness. No amount is due upon termination. The accumulated potential amount is \$78,342 at June 30, 2016.

### **ECONOMIC DEPENDENCY**

The City of Edmonton, Kentucky, purchases its natural gas from Atmos Energy and purchases its water from the City of Glasgow, Kentucky. Due to the nature of the infrastructure system, the City of Edmonton, Kentucky, is economically dependent on these two suppliers. The infrastructure system of the City's enterprise funds serves residents of Edmonton and Metcalfe County.

### CITY OF EURONTON, KENTUCKY NOTES TO PINANCIAL STATEMENTS - CONTINUED JUNE 20, 2018

# 1. SUMMARY OF SIGNIFICARY ACCOUNTING POLICIES - COMMINDS

### ASSETS LIABILITIES AND HET POSITION OR EQUITY - CORCLUDGO

### Fund Balances - Geyernmen of Funds - Concluded

constitutional provisions of anabing legislation. The Oily is a discribed restricted assets for symmetry funds or being restricted because their use is restricted by Smire statute for Numbrical Front Aid and URBA expenditures. Dest service resources are to be used for future servicing of the general obligation band and are restricted incough debt coverants.

Converting — This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts carried be used for any other purpose unless the City Council removes or ohanges the specified use by taking the same type of action (ordinance or respiction) that was employed when the funds were existing resources. This classification also includes confiscitual adaptions to the extent that existing resources have been specifically committed for use in satisfying those confiscitual excurrences. The City at not have any committed for use or studie 30, 2015.

Assigned - This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but all neither restricted not committed. This littent can be expressed by the City Council or through the City Council delegating this responsibility to the Mayor involute the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds exact that the general tune. The City die not have any seatigned resources as of tune 36, 2016.

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The City vocal typically use restricted fund patences first, followed by committed resources, and men designed resources, as appropriate organizates sales but reserves the right to selectively special unassigned resources that to deter the use of these attachments.

### Property Careen

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### Constructed had accommod

Full-time, parmanent employees are granted vacation benefits in verying amounts to specified maximums depending on tenure with the City. Generally, after one year of service, employees are entired to all accounts vacation leave upon termination. The estimated liability for vested vacation bearettes attributed to the City's governmental funds is involved as an expenditure and a liability in the respective funds.

Unipaid accumulated sick leave is not recorded due to the contengent nature of the liability. The emount is earned, but only to be taken subject to the employee's illness. No amount is due upon termination. The accumulated occumulated occurrences.

### FORMER DEFENDENCY

The City of Edmonton, Kentucky, purchases he natural assition. Almos Energy and purchases its weter that this City of Glasgow, Kentucky. Que to the nature of the infrastructure system, the City surfactor, Harducky is economically dependent on these two suspiters. The infrastructure system of the City's enterprise to describe residents of Edmonton and Metosilla County.

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONCLUDED

#### **USE OF ESTIMATES**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **PENSIONS**

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note 4 and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for the pension plan in which it participates, which represents the City's proportionate share of a cost-sharing multiple-employer plan, measured as of the City's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

## 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### **BUDGETARY INFORMATION**

### **Budget Policy and Practice**

The Mayor submits an annual budget to the City Council in accordance with the City Charter and Kentucky Revised Statutes. The budget is presented to the City Council for review, and public hearings are held to address priorities and the allocation of resources. In June, the City Council adopts the annual fiscal year budgets for City operating funds. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

#### **Basis of Budgeting**

Each fund's appropriated budget is prepared on a detailed line-item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter total expenditures of any fund must be approved by the City Council. Total expenditures for a fund may not legally exceed the total appropriations. There were no revisions to the budget during the year ended June 30, 2016. Annual budgets for all governmental fund types were adopted on a basis consistent with accounting principles generally accepted in the United States.

## L. SUBMINEY OF SURVEYCANT ACCOUNTING POLICIES - CONGLUDING

#### CETAMITE NO SEU

The preparation of financial statements in comornils with U.S. generally encepted accounting provided naturally and statements that are consider reported provided manufactures. Accordingly, actual results could allow from those assembles.

#### PERMISHONS

In guaranteer wide financial statements, periodors are required to be recognized and disclosed using the account house of accounting (see More 4 and the required supplementary information) are required supplementary information are required supplementary information are required as persons of the notes of the modified address of accounting. The City amount recognizes a net person expenditures on the modified address of accounting. The City and personals shall be a personal personal which represents the City and considered as the city of the net personal p

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### Budget Pelicy and Przetied

The Mayor submits an annual budget to the Dity Council in accordance with the Dity Unarter and Kantardy, Rowsed Statutes. The budget is presented to the Dity Council for review, and public bearings are best to address priorities and the allocation of moderage. In June, the Obje Council adopts the unities from the united listed year budgets for Objecting funds. Once approved, the Objectional result amend the reports adopted budget when unexpected modifications are required in estimated recynities and appropriations.

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### 3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT

#### **ASSETS**

#### **CASH DEPOSITS AND INVESTMENTS**

In March 2003, the GASB issued Statement No. 40, *Deposits and Investment Risk Disclosures*, which is effective for periods beginning after June 15, 2004. Risk disclosures in previous financial statements (under the provisions of GASB Statement No. 3) focused only on custodial credit risk. GASB Statement No. 40 addresses not only custodial credit risk, but other common areas of investment risk as well, including interest rate risk, credit risk, and concentration of credit risk.

#### **Custodial Credit Risk**

Custodial credit risk for deposits and investments is the risk that, in the event of failure by a financial institution, the City may not be able to recover the value of its deposits and investments or collateral securities that are in the possession of the financial institution. The City's investment policy dictates that all cash maintained in any financial institution named as a depository be collateralized, the collateral held in the name of the City, and that investments be registered in the name of the City. Collateral must be held by an independent third-party custodian.

At June 30, 2016, City of Edmonton, Kentucky's (book) deposits were \$5,077,631, and the bank balance was \$5,107,531 at Edmonton State Bank. The FDIC insures demand deposits under one custodian up to \$250,000 at one institution, and time deposits are insured for another \$250,000. Bond interest and sinking fund accounts are insured up to \$250,000 per beneficial interest. At June 30, 2016, the City had funds of \$4,357,531 in excess of FDIC limits, which were collateralized with securities held by the pledging financial institution's trust department or agent in the name of the City.

The Edmonton-Metcalfe Industrial Development Authority has a bank account balance of \$85,797. These amounts do not exceed FDIC insurance limits and are held for an entity separate from the City of Edmonton.

#### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of investments will adversely affect the fair value of an investment. The City's formal investment policy does limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow need, the City's funds should not, in general, be invested in securities maturing more than two years from the date of purchase. However, the City may collateralize its repurchase agreements using longer dated investments in securities exceeding five years to maturity. Reserve funds may be invested in securities exceeding five years, if maturities of the investments are made to coincide as nearly as practicable with the expected use of the funds.

#### Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. Investments are made under the 'prudent investor' standard outlined in the City's investment policy to ensure that (a) due diligence is exercised in accordance with State law, (b) any negative deviations are reported timely, and (c) reasonable action is taken to control any adverse developments.

## C. DETAIL STREETS ON TURBER AND COMPONENT LINET

#### BIBBEA

### CARD DEPOSITS AND ANTEGRADITS

In March 2008, the GASB issued Stelement No. 40. Deposits and insertingnit flex Displaying which is affecting to periods beginning after June 15, 2004. Risk declosures in previour intended statements (under the provisions of GASB Statement No. 3) fodostiti entries on assistant disk as provisions of displaying the provisions of only susrected costs first but other continue areas of unserting the well including releases rate that creatings, and concentration of credit rate.

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Computes predictive for deposits and investments is the risk that, in the week of fallure by a financial institution, the City may not be able to recover the value of its deposits and investments or cellstant securities that are in the passession of the maindal institution. The City's investment collegy dictated that all cesh measurined in any inconsist institution agreed as a depositor, be collected that obtained had in the name of the City, and that investments be registered in the name of the City, and that investments be registered in the name of the City custodies.

At June 30, 2616. Chy or Education, Kentucky's (book) deposits were \$5,077,631, and the bank ordered was \$5,107,631 of Edmandor (tate Bank The FORC insures demand daposits under and customent up to \$25,0,000 at one within their and time demands are insured for adoption \$260,000; Bond interest and shilling fund accounts are insured to to \$250,000 per beneficial interest. At John 30, 2015, the City had funds of \$4,857,631 to excess of FDIC limits, which were constanting with required read by the pledging interest in the order a trust department or agent in the name of the City.

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TOTAL SECTION

## 3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

#### **ASSETS - CONTINUED**

#### **CASH DEPOSITS AND INVESTMENTS - CONTINUED**

#### **Concentration of Credit Risk**

The City recognizes that some level of risk is inherent in any investment transaction. Losses may be incurred due to issuer default, market price changes, or closing investments prior to maturity due to unanticipated cash flow needs. Diversification of the City's investment portfolio by institution, type of investment instrument, and term to maturity is the primary method to minimize investment risk.

The funds of the City of Edmonton available for investment shall be invested in accordance with the City's investment policy and all applicable State statutes only in the types of investment instruments as listed on the following page.

- 1. Obligations of the United States and its agencies and instrumentalities, including obligations subject to repurchase agreements, provided that delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian.
- Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:
  - a. United States Treasury;
  - b. Export-Import Bank of the United States;
  - c. Farmers Home Administration:
  - d. Government National Mortgage Corporation; and
  - e. Merchant Marine Bonds.
- 3. Obligations of any corporation of the United States government, including but not limited to:
  - a. Federal Home Loan Mortgage Corporation;
  - b. Federal Farm Credit Banks;
  - c. Bank for Cooperatives;
  - d. Federal Intermediate Credit Banks;
  - e. Federal Land Banks;
  - f. Federal Home Loan Banks:
  - g. Federal National Mortgage Association; and
  - h. Tennessee Valley Authority.
- 4. 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.
- 5. Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one of the three highest categories by a nationally recognized rating agency.
- 6. Bankers' acceptances for banks rated in one of the three highest categories by a nationally recognized rating agency.

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ASSETTS - COMPLETED

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Concentration of Credit Risk

The City recognizes that some level of risk is inherent in any investment transaction. Losses may be incurred due to insuer debruit, market price changes, or storing intestinents prior in negtions of outside the coarticipated cash flow needs. Diversition of the City's reservant portfolio by instruction, type of its economic assumption and term to materials is the primary mathed to minimize movement out.

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- Obligations of the United States and its agencies and instrumentalities, including obligations
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  requirements is taken other directly or through an autograph dustodian.
- Cuttgations and contracts for future valvery or purchase of obligations hadred by the full rails and evoluted the United States of a United States government agency, including but a d limited to:
  - a. Unled States Treasury.
  - Duport award Bank of the United States:
    - a Facereta Home Automitetrellad
  - Governmont National Morgage Conscion, and
    - Marchaet Wassne Ponde.
  - Chalgedone of any corporation of the United States government, including but not in med to:
    - a Federal Bome Loan Marigode Carobration
      - 电图形态度 不能知识的 医性多性 提出的联系统 一位
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        - ANTIBE TELEVISION STREET
    - OF FEDERAL PROPERTY AND PROPERTY OF THE PROPER
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- 4. Certification of deposit located by, or ether interest-bearing advocates of any back or devings and loan mathematic variotises are entered by the Federal Deposit Insurance Composition or eindusterally or wright are colleged/spec, to the extent uninsured, by ethy adigations permitted by section 41,240(4) of the Kentucky Review Stautes.
- Uncollaterational carthodaes of deposit Issued by any bank or savings and loan institution rated in one of the three highest deregores by a nationally recognized rating agency.
- Bunkers' acceptances for banks rated in one of the three highest detactive by a rationally racegnized rating agency.

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### 3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

#### **ASSETS - CONTINUED**

## **CASH DEPOSITS AND INVESTMENTS - CONCLUDED**

#### Concentration of Credit Risk - Concluded

- 7. Commercial paper rated in the highest category by a nationally recognized rating agency.
- 8. Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and instrumentalities.
- 9. Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency.
- 10. Shares of mutual funds, each of which shall have the following characteristics:
  - a. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended.
  - b. The management company of the investment company shall have been in operation for at least five years.
  - c. All of the securities in the mutual fund shall be eligible investments under this section.

#### **Cash Flow Statement**

For purposes of the cash flow statement, cash consists of all enterprise fund bank accounts excluding restricted assets.

### **RECEIVABLES**

#### **General Fund**

Property Taxes — The City bills and collects its own property taxes. The City elects to use the annual property assessment prepared by the Metcalfe County Property Valuation Administrator as its base to apply the property tax rate. According to Kentucky Revised Statutes, the assessment date for the City must conform to the assessment date of Metcalfe County, and the annual increase in the property tax levy cannot exceed 4%. For the year ended June 30, 2016, taxes were levied on November 1, 2015, and due and payable on February 28, 2016. A 2% discount is given if paid by January 31. A penalty of 10% is charged for the month of March and 10% each month thereafter until they are paid. The tax rates are set by ordinance each year and were .085 per \$100 of assessed valuation of real property and .085 per \$100 of assessed valuation of personal property. Liens are placed on property for delinquent taxes. All property taxes receivable at June 30 are considered delinquent. As of June 30, 2016, the receivable for property taxes was \$2,213.

#### **Enterprise Fund Receivables and Uncollectible Accounts**

Significant receivables include amounts due from customers, primarily for utility services. Certain enterprise funds report accounts receivable, net of an allowance for uncollectible accounts. The allowance is estimated using an amount equal to all inactive accounts.

## CHY OF ECHLONION, KENTUCKY NOTES TO PINANCIAL STATEMENTS - CONTINUED JUME 38, 2016

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#### CASH BEFORKS AND INVESTIGENTS - CONCLUDED

Concentration of Credit Rist - Constuded

- Considerate in the Mighael design to a responsity recognized taking agency
- Gonda or cardicates of indeptedness of the Commonwealth of Kontucky and of its agencies and instrumentations
- 6 Debuttles issued by a state or local government, or any instrumentality or appropriate the United States, and refed in one of the three highest categories by a nationally recognized rating against.
  - 0. Strakes of multiplifunds, each of which shall have the torowing or regolaristics:
- You mutual fund shall be an open-end divassified investment company regis exed under the Fadara investment Conteany Act of 1946, as argented.
- The management company of the investment company shall have been in appration for at linest five years.
  - All of the securities in the mutual lugu shall be eligible investments under this section

#### Cash Plaw Statement

For purposes of the cash flow statement, cash drinslats of all enterprise fund bank accounts excluding restricted assets.

#### 83 BAVISORE

#### Sample Recessed.

Property Taxes — The City bills and collects its own property taxes. The City elects to one the amulai emperty assessment property the property tax rate. According to Kentucky Tevised Statutes, the assessment its base for the City clust contourn to the assessment date of Metcath County, and the annual date for the City clust contourn to the assessment date of Metcath County, and the annual motesses in the property tax leay carpot exceed this. For the year ended turns 30, 2016, tries were revised on Nevember 1, 2016, and due and payable on Rebrusch 28, 2016. A 2% claspount is given in period by Jenuary 31. A payably of 10% is charged for the month of March and 10% each neath translater until they are baid. The rax rates are set by continuous each year god were decinated by Description of periodest property. Lease the placed on delinquent taxes. All property taxes periodests at time 30 are considered delinquent. As of Jens 30, 2016, the reconstition or revise some 40 or 10.

#### Enterprise Fund Ruce Voltage and Uncellastine Accounts

Significant receivables include amounts due from customers, principly for utility services. Cartain anterprise funds report accounts receivable, not of an allowance for uncollection adcounts. The allowance is estimated using an amount equal to of mactive accounts.

TPEO

## 3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

**ASSETS - CONTINUED** 

**RECEIVABLES - CONTINUED** 

**Enterprise Fund Receivables and Uncollectible Accounts - Concluded** 

Following is a summary of the accounts receivable and allowances for uncollectible accounts as of June 30, 2016:

	Water	Sewer	Natural Gas	Total Enterprise Funds
Accounts Receivable	227,480	37,009	100,333	364,822
Allowance for Uncollectibles	(91,103)	(17,057)	(62,502)	(170,662)
Accounts Receivable, Net	<u>136,377</u>	19,952	37,831	194,160

#### **RESTRICTED ASSETS**

Certain fund assets are restricted for construction funded through long-term debt. Net position restricted for debt service includes the excess of assets over certain liabilities restricted for the debt service or revenue bonds. Restricted assets are also reported in various funds for cash deposited in bank accounts legally restricted for specified uses, such as the payment of debt service and fiscal fees on long-term debt or mortgage loans. See Note 1 describing priority for use of restricted and unrestricted assets.

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## 3. DETAILED NO TES ON PUNDS AND COMPONENT BLAT - CONTINUED

### ASSETS - CONTINUED

#### FECERAL SE - CREWENLES

Enterprise Figure Receivables and Uncoheotible Appounts - Concluded

Following is a summary of the accounte receivable and allowances for unconsiderable accounts as of June 30, 3048.

Friedlich Britistonae Punte	tarezint4 oni2	NAME :	THE PLANE	
364,822	605,001	900,TE	227,480	Accounts Receive
(179.500)	(508,683)	(78057)	(601.16.)	Allowance for Uncelledibles
DEL MAT	186.35.	\$50.01	720,051	Accounts Receivable, Net

#### PERSTANCIED ASSETS

Certain fund assets are restricted for construction funded injough langularm data. Net position restricted for data for one care of assets over certain liabilities restricted for the cash data assets are also recorded in remous funde for cash deposited in teams powered to set debt deposited in teams appointed to specified uses, such as the powerent of debt service and record tassen long-term data or managed towns. See Note 1 describing pair my for use of restricted and unrestricted makes.

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## 3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

## **ASSETS - CONTINUED**

#### CAPITAL ASSETS

Depreciation is recorded on all of the capital assets except for land, which is not a depreciable asset. Governmental activities include construction funded with general obligation bonds and debts. Business-type activities include construction funded with revenue bonds payable and other charges. Following is a summary of changes in capital assets.

	Balance 6-30-15	Additions	Deletions	Balance 6-30-16
PRIMARY GOVERNMENT		TO THE PROPERTY OF THE PARTY.		n - maserie
Governmental Activities				
Land	1,728,689	-		1,728,689
Land Improvements	7,700		1-7	7,700
Buildings and Improvements	1,335,868			1,335,868
Equipment and Furnishings	303,098	3,255	5,702	300,651
Vehicles	668,196	130,032	95,021	703,207
Streets and Sidewalks	287,979			287,979
Municipal Park	952,153	20,950		973,103
	5,283,683	154,237	100,723	5,337,197
Less Accumulated Depreciation	2,169,307	101,912	100,723	2,170,496
Governmental Activities				
Capital Assets, Net	3,114,376	<u>52,325</u>		3,166,701
Business-type Activities				
Land	89,863	-		89,863
Buildings and Improvements	19,045,785	190,832		19,236,617
Equipment	635,695	1,684		637,379
Vehicles	243,869	58,243	72,320	229,792
	20,015,212	250,759	72,320	20,193,651
Less Accumulated Depreciation	7.998,314	399,359	70,143	8,327,530
Business-type Activities				
Capital Assets, Net	<u>12,016,898</u>	(148,600)	2,177	11,866,121
COMPONENT UNIT				
Industrial Development				
Land	187.097			187,097
Buildings	755,413			755,413
Electrical Transmission Line	1,647,755			1,647,755
2.00thour Francisco Enio	2,590,265			2,590,265
Less Accumulated Depreciation	481,777	56,259		538,036
Industrial Development				
Capital Assets, Net	<u>2,108,488</u>	( 56,259)	4	2,052,229

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## DETAIL OF REPUBLICATION OF THE COMPONENT LINE - CONTRIBUED

## ACCRETO CONTINUED

#### CEPTAL ESSETS

Deprehisher is recorded on all of the capital assets except for land, which is not a depreciable asset. Governmental ectivities include construction funded with general obligation heads and dents. Business type activities include construction funded with revenue bonds payable and other charges. Following a summary of charges in secilar assets.

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	a robolect.	gentalistics.	23.05-6	
				PRIMARY GOVERNMENT Contents Audvilled
1,728,669			0.728,889	
G07.7				Land traprovernents
				Buildings and Improvements
	8,708	3.255	BIEL SOE	Equipment and Furnishings
702,207	180,38	130,032	861,188	Variation
287,378			£/46, 785	Streets and Strowalks
6,837,197	and lane		SELSEE.	Municipal Park
	109.723	LED NO.	5,283,663	
2,179,496	100,720	218,101	2010013	Leas Accumulated Depreciation
				Cousmental Activities
AND DOLE			STEALT.S.	Capitot Assetts, Net
				Budirose-type Activities
585.68			508.08	Land
9,208,617		190,832	18,048,785	etnemeverund bins approxide
		548	100,300	Education
	088.81	EAS NO	COR CAS	zeliciteV
186,087,05	098.65	eet wes	sits and ac	
0.322.630	28f.0%	988,988		motivides god natetymore see.
				Businesman appropria
12,098,11	2202	(200,002)	12.016.618	Capital Agenta, Not
				COMPONIENT LIMIT
750 70 V				triencedwood hit teeling
750 757			780,787	0962
574,38Y			274,627 227 782 5	Buldings Electrical Franchission Line
1,647,255 2,596,365			1,647,765 2659,286	
940,802			481.777	Less Accumulated Depreciation
				we monteon? lighterical
200.030.0		1028,82.1	201001428	Crestan Austria Pas
THE PARTY OF	TO SECURE VIEW	HARLEY L	ME	HOLD TOTAL TOTAL STATES

### 3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

#### **ASSETS - CONCLUDED**

#### **DEPRECIATION EXPENSE**

Depreciation expense was charged to governmental functions as follows:

PRIMARY GOVERNMENT	
Governmental Activities	
General Government	44,207
Police	12,413
Parks and Recreation	45,291
Total Depreciation Expense – Governmental Activities	101,911
Business-type Activities	
Water	292,344
Sewer	50,213
Natural Gas	56,802
Total Depreciation Expense – Business-type Activities	399,359
TOTAL DEPRECIATION EXPENSE - PRIMARY GOVERNMENT	501,270
COMPONENT UNIT	
Industrial Development	56,258

### LIABILITIES

#### **CAPITAL LEASES - GOVERNMENTAL ACTIVITIES**

#### **General Obligation Lease**

On November 23, 2003, the City entered into an annually renewable lease agreement with the Kentucky League of Cities Funding Trust. The total amount of the lease was \$1,345,000 payable in monthly principal and interest installments beginning January 15, 2004, and ending December 15, 2023. The lease bears interest at 4.07%. The proceeds were used to construct a municipal park. At the end of the lease agreement, the park will be transferred to the City of Edmonton. The balance of the lease at June 30, 2016, was \$664,289.

#### **Special Obligation Lease**

On November 23, 2003, the City entered into an annually renewable lease agreement with the Kentucky League of Cities Funding Trust. The total amount of the lease was \$155,000 payable in monthly principal and interest installments beginning January 15, 2004, and ending December 15, 2023. The lease bears interest at 4.07%. The proceeds were used to construct a municipal park. At the end of the lease agreement, the park will be transferred to the City of Edmonton. The balance of the lease at June 30, 2016, was \$76,554.

## CITY OF EDMORT ON, KENTIJCKY MUTES TO FRIGHWOLL STATEMENTS - CONTINUED JUINE SE, 2016

## SECURITION - THE THE MODIFIC ON PURIOS AND COMPONENT LINET - CONTINUED - C

ASSETTS - BOMOLDEE

#### DEPRESANTACION EXPENSE

legraciation expense was obstood to governmental functions as follows:

## Primary Scheniment Covernmental schinger Canadal Government Pollos

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Total Democration Expense - Covernosotal Activities

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Total Depote Statement - Business - van Astvilles

THERMALISON VEALURES - PRINCIPLE CONTRIBUTOR

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#### CAPTALLETTAL LETATING TO CONTRACT LETATING

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On Rovember 23, 2003, the Cay entend kito an annual, ratio was lease agreement with the februally League of Otics Publing Trust. The total amount of the lease was \$1,345,000 payable to morethy principal and interest installments beginning January 15, 2004, and ording December 15, 2023. The lease beens interest at 4.07%. The prodeeds were used to construct a multiplical part. In the out of the lease agreement the park will be transferred to the City of Edmonton. The balance of the lease at June 30, 2016, was 3064, 288.

#### Costal Colocation Locate

On November 23, 2003, the City entired this annually receivable least agreement with the fortucky barque of Cities Friedring Trust. The loss amount of the least was \$135,900 payable in monthly principal and interest restallments beginning January 15, 2004, and ending December 15, 2023. The least begins interest at 4,07%. The proceeds were used to construct a municipal pain. At the end of the least agreement, the nark will be constanted to the City of Edmostop. The butterior of the least at June 30, 2015, was \$18,554.

### 3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

#### **LIABILITIES - CONTINUED**

## CAPITAL LEASES - GOVERNMENTAL ACTIVITIES - CONCLUDED KADD

On October 10, 2002, the City entered into an annually renewable lease agreement with the Kentucky Area Development District Financing Trust. The total amount of the lease was \$430,000 payable in annual principal installments beginning November 20, 2003, and semi-annual interest payments due May 20 and November 20. The lease bears interest at a variable rate ranging from 2.9% to 4.8% and matures November 20, 2022. The proceeds were used to construct a new City Hall building. At the end of the lease, the building will be transferred to the City of Edmonton. The balance of the lease at June 30, 2016, was \$190,000.

#### **LOANS PAYABLE - BUSINESS-TYPE ACTIVITIES**

#### **Kentucky Infrastructure Authority**

There is a loan payable to Kentucky Infrastructure Authority dated July 1, 2014 in the amount of \$174,907. The loan bears interest at 0.75% and matures on June 1, 2024. Proceeds of the loan were used for water line extensions on Chess Jessie Road. There is a Memorandum of Agreement between the City of Edmonton and Metcalfe County Fiscal Court, who is making the payments. There is a receivable from Metcalfe County Fiscal Court equal to the amount of the note. As of June 30, 2016, the balance of the note and interest was \$146,710.

### **Kentucky League of Cities**

There is a loan payable to Kentucky League of Cities. Proceeds from the loan are being used to finance extensions to the gas system of the City. The loan balance was \$181,250 as of June 30, 2016. The interest is 3% per annum and is payable in monthly installments of principal and interest through January 1, 2019.

### **REVENUE BONDS PAYABLE - BUSINESS-TYPE ACTIVITIES**

Revenue bonds outstanding consist of debt issued by the various utility funds. In general, the respective facilities and revenues derived from them are pledged for the payment of revenue bond debt service.

## 1980, 1982, and 1984 Issues

The following issues have been assigned to Berkadia Commercial Mortgage Corporation by Farmers Home Administration in prior years. These bonds mature each January 1 through 2031 and bear interest at the rate of 5%, with the following amounts due as of June 30, 2016:

1980 Issue	19,000
1982 Issue - Series A	43,000
1982 Issue - Series C	5,000
1984 Issue	270,943

#### 1990 Issue

The water and sewer revenue bond of 1990 was issued to FmHA -- now Rural Development (RD) -- on September 17, 1992, in the amount of \$373,000. This bond matures each January 1 through 2031 and bears interest at the rate of 5%, with \$228,000 due as of June 30, 2016.

## OFF DEMONTON CENTUCKY NOTES TO FRANCOLL STATEMENTS - CONTINUED AUTHOR OR 2018

## 8. DETAILED AQUES ON PUNDS AND DOMPOWENT UNIT-CONTINUED.

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CAPITAL LEASES - GOVERNMENTAL ACTIVITIES - COICE LIBER

SEAN.

On October 10, 2002, the City entered into an annually renewable large agreement with the Kontucky Arad Development Direct Financing Trust. The total amount of the lease was \$4.30,000 payable in annual principal registroents beginning Newtriber 10, 2003, and semi-enough interest payments due May 29 and flavornos: 30. The loase financiatists at a variable rate ranging from 2,5% to 4.8% and matures November 29, 2022. The proceeds were used to ponetrior a new City Hall policing. At the end of the lease, the building will be paneted to the City or Edmontun. The backnoss of the lease at June 30, 2013, was \$100,000.

#### BOTT WITTOW SERVICE REPORTED TO STANKE STANKE

### greatest a speciment and a prosesse?

There is a roan payeble to Nertually inhastructure Authority dated July 1, 2014 in the amount of \$174,907. The lean heart interest at 970.1% and instruction 1, 2024. Proceeds of the lean were used to learn his or strainform of Chees Joshio Road. There is a Mathoritation of Agreement converse the City of Edmonton and Mathoritation County Figual Count, who is making the parameters. There is a receivable from Mathorite County Figual County adjud to the amount of the mote. As of John 30, 2010, the helence of the note and interest was \$1985.110.

#### estidi te eura sell mine ma'il

There is a torsh privable on Capturdry Laguer of Cities. Proceeds from the torshare being used to finance extensions to the gas system of the City. The torshop value 2nd value 2nd 350 e. The interior is 2016. The interior is 2016, the interior is 2016, the interior is 2016. The interior is 2019.

#### 多别是不出口录 2017年 是的通知的特殊。 5.2000 从25 的复数使用 2.2000 A.2000

Revenue conde outstanding evenish of debt sealed by faz various utility funds. (in general, the respective facilities and revenues derived from them are bindfield for the payment of revenue bood debt sentities.

#### proceed 2000 from SADA GREAT

The following issues have been exercised to Berkedia Commercial Metigage Comoration by Formers Home Administration to their years. These bonds mature each January 1 through 2001 and user interest at the rate of the valid the following amounts the rate of June 20, 2016.

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SACONE.		

#### FEST PREUE

The water and selfer revenue bond or hedo was easyon in Emitty - now Plurat Development (RD) on September 17, 1992, in the enteuch of 5373,000. This pond matures each January 1 Abrough Suational bears intuited at the rate of 5%, with 5220,000 one as of June 30, 2816.

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### 3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

#### **LIABILITIES - CONTINUED**

#### **REVENUE BONDS PAYABLE - BUSINESS-TYPE ACTIVITIES - CONTINUED**

#### 1993 Issue

The water and sewer revenue bond of 1993 was issued to RD on August 12, 1993, in the amount of \$331,000. The proceeds from this bond issue were used to retire interim financing provided by the Kentucky Infrastructure Authority. This bond matures each January 1 beginning in 1996 and ending in 2033. The bond bears interest at the rate of 5%, with \$221,000 due as of June 30, 2016.

#### 1995 issue

The water and sewer revenue bond of 1995 was issued to RD on April 25, 1996, in the amount of \$444,000. The proceeds from this bond issue were used to retire interim financing provided for water line extension projects. This bond matures each January 1 beginning in 1998 and ending in 2035. The bond bears interest at the rate of 4.5%, with \$318,000 due as of June 30, 2016.

#### 1996 Issue

The water and sewer revenue bond of 1996 was issued to RD on June 23, 1997, in the amount of \$221,000. The proceeds from this bond issue were used to retire interim financing provided for water line extension projects. This bond matures each January 1 beginning in 1998 and ending in 2035. The bond bears interest at the rate of 4.5%, with \$154,200 due as of June 30, 2016.

#### 2000 Issue

The water and sewer revenue bond series of 2000 was issued to RD on August 9, 2000, in the amount of \$114,000. The proceeds from this bond issue were used for sewer infrastructure expansion. This bond matures each January 1 beginning in 2002 and ending in 2039. The bond bears interest at the rate of 4.5%, with \$89,500 due as of June 30, 2016.

#### **2002** Issue

The water revenue bond series of 2002 was issued to RD on March 20, 2003, in the amount of \$814,000. The proceeds were used to retire interim financing provided for water line extension projects. The bond matures each January 1 beginning in 2005 and ending in 2042. The bond bears interest at the rate of 4.5%, with \$682,000 due as of June 30, 2016.

#### 2013 Issue

The water and sewer revenue bond series of 2013 was issued to RD on August 12, 2014, in the amount of \$700,000. The proceeds were used to retire interim financing provided for a sewer rehab project. The bond matures each January 1 beginning in 2016 and ending in 2053. The bond bears interest at the rate of 2.125%, with \$582,700 due as of June 30, 2016.

There were heretofore created in the Prior Bond Ordinance the following funds and accounts for the City of Edmonton:

- a) Revenue Fund
- b) First Lien Sinking Fund
- c) Second Lien Sinking Fund

## CITY OF EDMONTON, KENTUCKY HOTES TO PHANCIAL STATEHERING - CONTINUED JUNE SO, 2015

## 3. DEFAULED HOTELS ON PLINDS AND COMPONENT UNIT - CONTINUED.

LIABRICHES - CONTRALIC

### DEVELOPE BOXERS FAYASTE - BUSINESS TYPE ACTUAL SERVED STRUCKED

### 1203 Insen

The water and sawer revenue bond of LERS was issued to RD on August 12, 1993, in the amount of \$231,000. The propeeds from this bond issue were used to retire treating financing propeeds from this bone mattree each sensingly 1 beginning in 1995 and the Kentusky tensor of bone of the bone of the series of the each sensingly 1 beginning in 1995 and ending in 2013. The bond pasts material at the rate of \$75, with \$221,000 due as of three 90, 2016.

#### Supplied to

The water and sower revenue bond of 1955 was issued to RD on April 25, 1695. In the amount of \$4.44,690, The property from this bond issue viere used to rethe interim financing provided for weter the expension projects. This bond matures each January 1 beginning in 1668 and ending in 2005. The bond bears interest at the rate of 4.5%, with \$3.3,0000 due as of June 30, 2016.

#### attent 8001

The water and sever revenue bond of 1986 was issued to PiD on June 25, 1997, in the amount at 1221,000. The proceeds from the bond issue were used to rate interior financing provided for valse the extension projects. This hand markes each limitary 1 degleralog in 1995, and anding in 2006. The bond sears interest at the rate of 4.6%, with \$154,200 duties of June 36, 2019.

#### SUPPLIED DODE

The water and sower revenue bond series of 2000 was pased to RD on August 9, 2000, in the amount of \$114,000. The proceeds non; this bond issue were used for sewer intrastructure expension. This bond matures each pampary 1 beginning a 2002 and posting in 2009. The bond bears interest at the rate of 4 5%, with \$89,500 due as of June 30, 2018.

#### susafalles

The water rovelius band series of 2002 was assed to RD on March 20, 2003 in the amount of 3814,000. The proceeds were used to retire matrim financing provided for visits fine extension projects. The bond matrices each denoting it beginning in 2015 and ending it 2042. The bond begin interest at the cuts of 4.6% with \$682,000 due as of June 00, 2016.

#### 271 13 tagest

The water and sawar revenue bond series of 2013 was issued to PD on August 12, 2014, in the annual of \$700 000. The propages were used to reduct intermiting provided for a series rehab project. The point matures each stanuary it beginning in 30.6 and ending in 2003. The bond heavs interest at the rate of 2,120%, with \$880,700 due as of June 20, 2016.

There were heretofore treated in the Prior Bond Ordinance the following facilities and account for the DRV of Schooling.

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- the Plant Like Solving America
- DUTH PRINTING LIGHT PRINCIPE LA

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## 3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

#### **LIABILITIES - CONTINUED**

#### **REVENUE BONDS PAYABLE - BUSINESS-TYPE ACTIVITIES - CONTINUED**

- d) Depreciation Fund
- e) Operation and Maintenance Fund

All of the funds shall be maintained with the depository bank so long as any bonds remain outstanding.

#### Flow of Funds

All proceedings preliminary to and in connection with the issuance of the Outstanding Bonds, including provisions made for (i) the receipt, custody and application of the proceeds of the Outstanding Bonds; (ii) the operation of the System on a revenue-producing basis; (iii) the segregation, allocation and custody of the revenues derived from the operation of the System; (iv) the enforcement and payment of the Outstanding Bonds and (v) the depreciation of the System; and all other covenants for the benefit of Bond owners set out in the Prior Bond Ordinance, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Outstanding Bonds, the same as if such provisions and proceedings were set out in full herein; provided, further, that after the issuance of the Current Bonds, the income and revenues of the System shall be collected, segregated, accounted for and distributed as follows:

#### **Revenue Fund**

The City covenants and agrees that it will continue to deposit in the Revenue Fund, promptly as received from time to time, all revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund shall continue to be used, disbursed and applied by the City only for the purpose and in the manner and order of priorities specified in the Prior Bond Ordinance, as hereinafter modified by this Ordinance, all as permitted by the Act, and in accordance with previous contractual commitments.

#### First Lien Sinking Fund

There shall be transferred from the revenue fund and deposited into the first lien sinking fund on or before the 20th day of each month, for payment of interest on and principal of the First Lien Bonds, a sum equal to the total of the following:

- 1. A sum equal to one-sixth (1/6) of the next succeeding interest payment to become due on all First Lien Bonds then outstanding, plus
- 2. A sum equal to one-twelfth (1/12) of the principal of all of the First Lien Bonds maturing on the next succeeding principal payment date.

Said First Lien Sinking Fund shall be used solely and only and is hereby pledged for the purpose of paying the principal of and interest on the First Lien Bonds.

#### **Second Lien Sinking Fund**

At or after the time that the Current Bonds have been delivered, there shall be transferred from the Construction Account into the Second Lien Sinking Fund an amount sufficient (currently estimated at \$35,000) to provide for capitalized interest during the construction of the Project, if

## DETAILED FORES ON PUNICA AND COMPONENT LINET CONTINUES

LIAMINA - CONTINUES

#### REVISED ACROSS PAYABLE - SHEMESSATVER ACCUMENTATION - CONTINUED

- d) Demisionation Plind
- en l'estatementant ens reseaux l'une.

All of the funds shall be maintained with the depository pank so long as any bonds remain

#### Pow of Funds

Air presenting gravisions made for (i) the receipt, custody and application of the Cutatanding School including crowsions made for (i) the receipt, custody and application of the proceeds of the suppression of the system on a revenue-productly basis (ii) the suggregation arising and custody of the revenues served from the observior of the system; (iv) the enthurcement and payment of the Coustaiding Bornes and (iv) the application of the System and all other governments for the benefit of Bond Granamoe, are the other governments for the benefit of from the product of the security radified and continues and some and intre to the security and benefit of the Cutanding Bonds. The security serve as it such provisions and proceedings were set out in full betein, the collected appropriate of the Cutant Bonds, the insome and inventors of the System shall be splicitly as a special accounted int and distributed as follows:

#### bour dinevel

The City covariants and agrees that if will continue to deposit in the Reviewe Fund, prenetty as received from time to time, of time, all revenues of the System, as same may be extended and improved that it into to sine. The moneys in the Revenue Fund shall continue to be used, discursed and applied by the City only for the purpose and in the mainter and order of priorities specified in the Phor Bond Ordershae, as here have modified by this Ordershae, all as premitted by the Act, and in accordance with previous contractual commitments.

#### heart metalerial room to the

There shall be translanted from the revenue hard deposited into the first light sinking fund on or before the 20th day of quotion for payable of interest on and crincipal of the First Light Bonds, it sum occurs to the total of the following:

- A sum equal to anereign (1/8) of the next succeeding interest payment to become due on all. First Linea Bonderthen outstanding, plus
- A sum-easer to pre-twelfth (1/12) of the principal of all of the Erist Lien Bonds
  materials on the most audoestice principal payment sale.

Sout First Lien Smiting Fund shall be used salely and only and is hereby piedged for the purpose of ocyting the printing that the printing that the printing the

#### broad wasterly and theread

At or after the time that the Current Bondo have nean delivered, more shall be registered from the Construction Account into the Second Lien Strateg Fund an amount sufficient (currently estimated at \$35,000 to provide for papiralized interest during the construction of the Project if

## 3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

**LIABILITIES - CONTINUED** 

#### REVENUE BONDS PAYABLE - BUSINESS-TYPE ACTIVITIES - CONTINUED

#### Second Lien Sinking Fund - Concluded

and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project.

After the monthly transfers required in the preceding paragraphs have been paid from the Revenue Fund, there shall next be transferred monthly from said Revenue Fund and deposited into the Second Lien Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Second Lien Bonds and the Current Bonds, a sum equal to the total of the following:

- 1. An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Second Lien Bonds and the Current Bonds then outstanding, plus
- 2. An amount equal to one-twelfth (1/12) of the principal of any Second Lien bonds and Current Bonds maturing on the next succeeding principal payment date.

The Second Lien Sinking Fund is hereby pledged for the payment of the interest and the principal of the Second Lien Bonds and the Current Bonds, but subject to the vested rights and priorities of the First Lien Bonds.

215,408
187,887
( 27,521)
244,380
216,859

The current year required no transfers since excess transfers in previous years had aggregated a sufficient balance in the sinking fund.

The 1986 and 1998 sinking fund requirements for the next five years are as follows:

	Interest	Principal	Annual Requirement
June 30, 2017	110,063	106,600	216,663
June 30, 2018	105,243	105,900	211,143
June 30, 2019	100,468	110,800	211,268
June 30, 2020	95,471	115,600	211,071
June 30, 2021	90,239	118,000	208,239
	501,484	556,900	1,058,384

## 3. DEFAILED MOTES ON FEMALS AND COMPONENT UNIT - COMMINDED

#### COMMITTEES - COMMITTEES .

### ARVENUE COMOS DAYABLE - SUBMISSA TYPE A CTIVITIES - CONTINUED

### Second Lien Smilling Fund - Concluded

and to the extent not incretators expend of a paying interest on interim financing and if and to the extent the mostly of construction of the Project.

After the monthly renefore required in the preceding perspirate have been paid from the Revenue Fand, there shall next be translaring monthly from said Revenue Fund and apposited into the Sepped use. Sinking Fund on or before the 25th day of each march for payment or into the Sepped use of the Sepped use Bonds and the Current Bonds a sum equal to the total of the following:

- An amount equal to one-shift (1/6) of the next succeeding aix-month interest payment to become due on the flacond Lien Binds and the Current Bence then outstending, plus
- An amount equal to one-twelfin (1/12) of the pronpar of any Second Lien bonds and Current Bonds maturing on the next succeeding principal gayment date.

The Second Lien Shrking Fund is hereby risdged for the payment of the interest and the principal of the Second Lien Bunds and the Current Bunds and the Current Bunds and the Current Bunds and the Brist Liet Bunds.

215.408	Annual Dabt Service Requirement
787,887	Antheil Transfers
(27,521)	Transfets Over (Under) Requirement
	Beginning Balance - Sinking Plunds
216.656	Ending Balance - Sinking Funds

The current year required no transfers since excess transfers in previous years had apprepared authorient betings in the sinking fund.

The 1986 and 1998 sinking fund requirements for the next this years are as follows:

francia Inemsyllapsii	Principal	tacyuseri	
216,083 211,148 211,268 211,071 208,230 1,068,334	196,800 190,900 190,000 100,000 100,000	115,063 101,001 100,471 96,471	June 30, 2017 June 30, 2018 June 30, 2019 June 39, 2020 June 39, 2021

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## 3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

**LIABILITIES - CONTINUED** 

#### **REVENUE BONDS PAYABLE - BUSINESS-TYPE ACTIVITIES - CONTINUED**

#### **Depreciation Fund**

The separate and special "Depreciation Fund" previously established shall be maintained so long as any of the First Lien Bonds, Second Lien Bonds, Series 2002 Bonds, and Series 2013 Bonds remain outstanding. There shall continue to be transferred to the Depreciation Fund (i) eight percent (8%) of the balance of the income and revenues of the System remaining after the required transfers or the sum of \$200 whichever is greater, plus (ii) the sum of \$1,145 until there is established and maintained in said Depreciation Fund the sum of \$242,800, which shall be utilized in making good any depreciation in the properties of said System and in financing extensions, additions or improvements to the System. Notwithstanding any other provisions of this Section to the contrary, the sum of not less than \$380 shall be deposited monthly so long as the Series 2002 Bonds remain outstanding. There shall next be transferred the sum of at least \$230 each month so long as the Series 2013 Bonds remain outstanding until a sum of at least \$27,034 is reached and maintained. As of June 30, 2016, the depreciation fund had a balance of \$386,693, and the City was continuing to make the required transfers.

There shall also be deposited in the Depreciation Fund proceeds from the sale of any equipment no longer usable or needed, fees or charges, if any, collected from potential customers, and the proceeds of any property damage insurance not immediately used to replace the damaged or destroyed property. Monies in the Depreciation Fund shall be used for making extraordinary maintenance, repairs, renewals or replacements to the System and for paying the cost of constructing improvements or extensions to the System which will either enhance the revenue producing capacity of the System or provide a higher degree of service, and no withdrawals shall be made for any other purposes; provided, however, that monies on deposit in the Depreciation Fund shall be available for the principal and interest requirements on the First Lien Bonds, the Second Lien Bonds, the Series 2002 Bonds, and the Series 2013 Bonds, if, for any reason, and whenever sufficient funds are not available in the First Lien Bond Fund or Second Lien Bond Fund.

#### **Operation and Maintenance Fund**

The separate and special account designated as the "Operation and Maintenance Fund" previously established shall be maintained so long as the First Lien Bonds, the Second Lien Bonds, the Series 2002 Bonds, and the Series 2013 Bonds remain outstanding. There shall be continued to be transferred to the Operation and Maintenance Fund the balance of the Revenue Fund remaining after the required transfers hereof for the purpose of providing for the proper operation and maintenance expenses of the System, including the expense of carrying sufficient insurance on the System of a character and in amounts was will properly insure the properties and, in addition, carrying liability insurance in character and amounts deemed necessary (all of which insurance shall be carried and maintained in effect) but not limited to such expenses and establishing and maintaining a reserve equal to three (3) months' operation and maintenance expenses of such System. Transfers shall be made monthly from the Revenue Fund to the Operation and Maintenance Fund so that the various operation and maintenance expenses of such System are met and said reserve established. Any funds remaining in such Operation and Maintenance Fund after meeting the expenses of operating such System shall be transferred to the Revenue Fund and disbursed in accordance with the provisions.

## 3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT: COMPINIED

CHARTINGS - CONTINUED II

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There shall also be deposted in the Depreciation Fund proceeds into the sale of any equipment no longer used is greatest or neared, take a charges, if any collected from potential outletters, and the proceeds of any property damage mattagers not immediately used to replace the damaged or destroyed property. Monies in the Depreciation Fund shall be used for melong extraordinary mentangence repairs, constructing improvements or replacements to the System and for paying the cest of constructing improvements or extensions to the System or provide a higher degree of service, and no withdrawals shall be made for any either purposes provided however, that feature on degree in the Depreciation for any entire for the groups and interest regimentaries or the Frei Lien Bonds, the Gones 2002 Bonds, and the Series 2013 Bonds, it for any reason, and decreat Lien Bonds, the Romes 2002 Bonds, and the Series 2013 Bonds it for any reason, and whenever authorism trivial are not wallsbille in the First Lien Bonds it for any reason. But wherever authorism trivial are not wallsbille in the First Lien Bonds it for any reason. But

## Qualitics and Maintenance Fand

The segartic and visibal account designated as the "Coertion and Maintenanco Fund" previously expositions shall be maintained so long as the Plast Lian Bonds, the Second Lian Bonds, the Series 2002 Bonds, the Series 2003 Bonds in Series shall be permaned to be maintained to the Operation and Maintenance Fund the belance of the Revenue continuating after the required transfers herealt for the purpose of providing har the properties operation and metalenance expenses of the System, including the expense of carrying sufficient less after the System of a character and in addition, carrying sability maintained in effect out not limited to such appendes and an addition, carrying sability maintained in effect out not limited to such appendes and establishing and metalening a receive equal to three (3) maintain operation and increasing a receive equal to three (3) maintain operation and increasing a such System. Transfers shall be made monthly from the Revenue Fund to the such System are metaled, and reserve excluse operation and material operation and valences of such System are metaled, and reserve excluses of operation and first meeting the substance. Any turned remaining in such Operation and Maintenance Fund and reserve exclusive or operating such System shall be transferred to the Reserve Fund after meeting the expenses of operating such System shall be transferred to the Reserve Fund after meeting the expenses of operating such System shall be transferred to the Reserve Fund after meeting the expenses of operating such System shall be transferred to the Reserve of the Reserve of the Reserve of the capture of the ca

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### 3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

#### **LIABILITIES - CONTINUED**

#### **REVENUE BONDS PAYABLE - BUSINESS-TYPE ACTIVITIES - CONTINUED**

### **Operation and Maintenance Fund - Concluded**

All required transfers above shall be made on the 1<sup>st</sup> day of each month unless such day be Sunday or a legal holiday, in which event such transfers shall be made on the next succeeding secular day.

#### **Investment and Miscellaneous Provisions**

All monies in the Sinking Fund and the Depreciation Fund shall be deposited in the Depository Bank, or such portion thereof as is designated by the City Council. All monies in the Sinking Fund and the Depreciation Fund shall be invested for the benefit of such respective Funds in Certificates of Time Deposit or savings accounts of the Depository Bank or in U. S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be needed for the purposes for which such funds may be expended, provided that to the extent that any amount of the City on deposit in the Depository Bank shall cause the total deposits of the City in said Depository Bank to exceed the amount insured by the FDIC, such excess amount shall be continuously secured by a valid pledge of U. S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes.

Any investments will be a part of the respective Funds from which the proceeds invested are derived, and income from such investments will be credited to such respective Funds. All investments of funds derived from proceeds of the Outstanding Bonds shall be subject to the applicable limitations set out in Section 303 hereof.

All payments into the Funds shall be made on or before the twentieth (20<sup>th</sup>) day of each month, except that when the twentieth (20<sup>th</sup>) day of any month shall be a Saturday, Sunday or a legal holiday, then such payment shall be made on the next succeeding business day.

All monies held in any of the Funds shall be kept apart from all other City funds and shall be deposited in the Depository Bank, and all such deposits which cause the aggregate of all deposits of the City therein to be in excess of the amount secured by FDIC, shall (unless invested as herein authorized) be secured by a surety bond or bonds or by a pledge of U.S. Obligations, having a market value equivalent to such deposit.

The Treasurer shall keep appropriate records as to payment of principal and interest installments and as to payment of principal of and interest on any Bonds.

#### Monthly Principal and Interest Payments if Requested by the RD

In the event that USDARD is the Registered Owner of the Series 2002 Bonds, then in the event USDARD so desires, payments to USDARD from the Second Lien Bond Fund for interest and principal installments on the Second Lien Bonds and Series 2002 Bonds shall be made directly to USDARD on a monthly basis. The City shall submit the Electronic Funds Transfer Payment Enrollment Form (Form SF-3881) in order to affect Electronic Funds Transfer/Automated Clearing House ("EFT/ACH") and provide electronic transfer payments due on the Series 2002 Bond. It is

## COTY OF POMONION, KENYUCKY MOTES TO PHANCIAL STATEMENTS - CONTINUED JUNE 30, 2015

## S. DETAILED HOTES CHITINDS AND COMPOSITIVE UST - CONTINUED

LIMBILITATES - CONTINUED

REVENUE BONDS PAYANTE - BUSINESS-TYPE ACTIVITIES - DONTRINED

Operation and Malatenanon Fund - Conducted

All required transfers above shall be made on the 1° day of each month unless such day be dunday on a regal harday, in which event such transfers shall be made on the next succeeding sentilar day.

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All regules in the Sinking Fund and the Depregation Fund shall be beganized in the Depository Bank, or such portion thereon as is descripted by the City Douncil. All mornes in the Sinking Fund and the Deposits of the Science with contented readily into each traving a maturity date prior to the date when the sums in ested will be quaded to the extent to the extent the purpose to visual sum funds may be expended provided and to the extent that any amount of the City or deposit in the Depository Greek shall cause the total deposits of the City in said Depository Greek shall cause the total deposits of the City in said Depositors the IPSC; such excess amount shall be contonted by a valid place of U. S. Deligations, having an ecovatent market value, or contonted with Section 68,480 of the Kentrucky Revised Statutes.

Any investments will be a next of the respective Funds from which the proceeds invested and derived, and income from such investments will be oregited to each respective Funds. All investments of funds derived from proceeds of the Outstanding Bonds shall be subject to the applicable imitations set out to Dealton 300 next.

All cayments into the Funds shall be made on or before the tryanish (20") day of each mostic, except that when the twentieth (20") day of any month eligit be a Saturday Sunday of a legal holiday, then such cayment shall be made on the next succeeding ousiness day.

All montes held in any or the Funds shall be vapt aged from all office City funds and shall be deposited in the Depository Bank, and all such deposits which oause the aggraphite of all reposits of the City therein to be mexicles of the amount secured by PDIC, and (unless revisited as better authorized) be secured by a surery court or bonds or by a place of U.S. Obligations, having a market value equitation to such deposit.

The Tradecirch shall keep appropriate reserve as to payment of utinoisal and interest netaliments and ask objects of ask Sende.

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In the event that USGARD is the Registered Owner of the Series 2002 Bonds, then in the event USDARD so despets payments to USDARD from the Second Lien Bond faint for inverse, and principal installments on the Second Lien Bonds and Series 1002 Bonds shall be made directly to principle on a morethy case. The City shall submit the Electronic Funds Transfer Payment Earthment From (Point 31-38-1) in order to allow Electronic Funds Transfer Charles Charling House (PSETVADI-1) and proving medicary transfer payments due on the Barles 2002 Epid. It is

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## 3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

## **LIABILITIES - CONTINUED**

#### **REVENUE BONDS PAYABLE - BUSINESS-TYPE ACTIVITIES - CONCLUDED**

### Monthly Principal and Interest Payments if Requested by the RD - Concluded

provided further that so long as USDARD is the Registered Owner of the Series 2002 Bonds, monies on deposit in all of the various accounts established or affirmed by this Ordinance shall be secured as required by USDARD Regulations. Also, so long as any of the Series 2013 Bonds are held or insured by USDARD, the City shall, if requested by USDARD, make the payments required in monthly installments to USDARD or to the insured owners of the Series 2013 Bonds.

### **Bond Subordination and Parity**

The provisions of the Ordinance authorizing the First Lien Series A, B, and C 1982 Bonds made it a condition precedent to the issuance and delivery of said Series 1982 Bonds that the right of the City to issue subsequent bonds ranking on a parity with said Series 1982 Bonds be terminated. Therefore, in accordance with provisions of Section 17 of the Ordinance authorizing the Series 1982 Bonds, no bonds may be issued on the basis of parity with the Second Lien Bonds without the written consent of the Registered Owners of one hundred percent (100%) of the principal amount of said Second Lien Bonds. The Series 2013 Bonds shall rank and be payable on a parity with said outstanding Second Lien Bonds from the gross income and revenues of the System, subject to the priority of the outstanding First Lien Bonds.

#### LOAN PAYABLE - COMPONENT UNIT

#### **Industrial Program**

On April 20, 2012, the Industrial Development Authority entered into an agreement with Edmonton State Bank to borrow funds for the construction of a building for industrial purposes. The total drawn on the loan was \$248,649. Construction was completed in November 2012, and the loan became due and payable in monthly installments of \$1,513 and bears interest at 3.5% per annum. The balance at June 30, 2016, was \$130,912.

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## OITY OF EDMONTON, YENTLICKY MOYES TO PHANCIAL STATEMENTS - COMPAUSE JUNE 30, 2016

## 3. ORTANIED WOTER ON HUMOS AND CONSYGNANT LOST CELIATRO.

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or wided further that so long as USDARC is the Registered Owner of the Series 2002 Bonds in unities on deads in all is the vertous accounts retribilisted on aroundably his Ordiner op and consecutived as required by USDARD Regulations. Also, so long as any of the Series 2015 Bonds are held or loss ad by USDARD, the City shall, if requested by USDARD, make the payment and an innertify assessments to USPARD or to the insured owners of the Series 2015 Bonds.

### Bond factordisation and Partie

The provisions of the Ordinance authorizing the First Linn Series A, B, and C 1982 for de made is a condition procedent to the sepande and delivery of sale Series 1992 Bonns first ine right of the Condition procedence bonds rathing on a party with said Series 1992 Bonns first terminated. Therefore, in adoptions with previsions of Section 17 of the Ordinance authorizing the Series 1992 Burns, no condition to be issued on the easts of painty with the Second Lian Burds without for written consent of the Registered Owners of one handred bencent (1909) of the paragraph amount of series and the Burds. The Centes 2013 Bends shall tente and revenues of the System, with other ordinary of the duested from the gross income and revenues of the System, send to the printing Second Lian Bonds from the gross income and revenues of the System.

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#### DEFRICATE BRIDGERMEN

On Arial 20, 2012, the Industrial Development Authority entered into an agreement with Edmonton Blaze Bartin to bornow funder for the construction of a bolishing for Industrial parameter. The teleformer the loan was \$248,640 Construction was completed in November 2012, and the loan became due and payable in montray materials of \$1,513 and there interest at 0.55% per annum. The estimate at June 20, 2015, was \$130.912.

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## 3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

## **LIABILITIES - CONTINUED**

## **CHANGES IN LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended June 30, 2016:

	Balance	laguad	Delland	Balance	Due Within
PRIMARY GOVERNMENT	6-30-15	Issued	Retired	6-30-16	One Year
Governmental Activities					
General Obligation Leases					
Municipal Park	735,602		71,313	664,289	74,944
Special Obligation Lease	755,002		71,010	004,209	74,344
Municipal Park	84,772		8,218	76,554	8,637
KADD - City Hail	215,000		25,000	190,000	25,000
RADD - Oity Hail			20,000		_20,000
<b>Total Governmental Activities</b>	1,035,374	0	104,531	930,843	108,581
<b>Business-type Activities</b>					
Loans Payable					
KY Infrastructure Authority	165,205		18,495	146,710	18,461
Kentucky League of Cities	248,333		67,083	181,250	70,000
	413,538	0	85,578	327,960	88,461
Revenue Bonds Payable					
1980 Issue	23,000	T -	4,000	19,000	4,500
1982 Issue - Series A	50,500		7,500	43,000	8,000
1982 Issue - Series C	10,000	1 30	5,000	5,000	5,000
1984 Issue	293,943	-	23,000	270,943	25,000
1990 Issue	238,000	-	10,000	228,000	11,000
1993 Issue	229,000		8,000	221,000	9,000
1995 Issue	328,000	4 = 1 = 1	10,000	318,000	10,000
1996 Issue	159,300		5,100	154,200	5,300
2000 Issue	91,700	-	2,200	89,500	2,300
2002 Issue	696,000		14,000	682,000	14,000
2013 Issue	700,000		117,300	582,700	12,500
	2,819,443	0	206,100	2,613,343	106,600
Total Business-type Activities	3,232,981	0	<u>291,678</u>	2,941,303	195,061
COMPONENT UNIT					
Industrial Program					
Edmonton State Bank	143,577		12,665	130,912	13,187
Total Industrial Program	143,577	0	12,665	130,912	13,187

## GEOMETRICO - TIMO TASAD GARCIO CHIA BORGE AD ESCON DE HATEC

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#### CHANDER IN LOWS-TERM DEET

The Milmwing Is a summary of dranges in long term tobility the year engled June 30, 2016.

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					PRIMARY GOVERNMENT Sovermental Actuals Beneral Collegiston Leases
74,944	285,7483	E16,17			Municipal Par Sueday Obliganon was
109,3 070,35	76.564 190.080	818,8 000,8s		\$15,68 000,815	Name of the second of the seco
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					estituica equi-coonice
165,81 000 01 155,88	017,341 037,250 037,650	66.4.81 881.13 878,68		805, 251 865, 345 885, 815	Lauris Payrole KY Infrastructure Authority Kentucky Enague of Chiss
4 500 8 600 25 000 11 000 9 000 10 000 14 000 12 000 10 000	19,000 40,000 5,000 270,943 221,000 248,000 048,000 104,200 082,000 082,000 2,617,000	060 A 060 5,500 6,000 PS 10,000 6,000 1,000 1,17,100 201,100		23, 600 10,000 200,000 200,000 200,000 200,000 200,000 200,000 200,000 200,000 200,000 200,000	Remanue Senda Paudelo 1980 Inche 1982 Issue - Senes C 1984 Issue 1980 Issue 1985 Issue 1985 Issue 1980 Issue 2000 Issue 2002 Issue 2002 Issue
	2,921,263	BTo res	9	169,200,0	esitivitak enghageriauE IsloT
	STAGE:			778.84	COMPONENT UNIT Presente Pregram Editions State Book
191,61	130,012	588 CT	0	778,634	restports intomion ferci.

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## 3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED LIABILITIES - CONTINUED

## **DEBT SERVICE REQUIREMENTS**

The debt service requirements at June 30, 2016, were as follows:

PRIMARY GOVERNMENT Governmental Activities Capital Leases	<u>Principal</u>	Interest	Total
June 30, 2017	108,581	37,115	145,696
June 30, 2018	112,836	32,412	145,248
June 30, 2019	117,309	28,102	145,411
June 30, 2020	122,015	22,674	144,689
June 30, 2021	131,948	19,706	151,654
June 30, 2022 - 2024	338,154	15,711	353,865
00110 00, 2022 - 2024	930,843	155,720	1,086,563
Total Governmental Activities	930,843	155,720	1,086,563
<b>Business-type Activities</b>			
Loans Payable			
June 30, 2017	87,162	6,724	93,886
June 30, 2018	87,292	4,460	91,752
June 30, 2019	58,671	2,196	60,867
June 30, 2020	17,553	804	18,357
June 30, 2021	17,684	638	18,322
June 30, 2022 - 2024	53,855	896	54,751
	322,217	15,718	337,935
Revenue Bonds Payable			
June 30, 2017	106,600	110,063	216,663
June 30, 2018	105,900	105,243	211,143
June 30, 2019	110,800	100,468	211,268
June 30, 2020	115,600	95,471	211,071
June 30, 2021	118,000	90,239	208,239
June 30, 2022 - 2026	558,743	371,632	930,375
June 30, 2027 - 2031	532,500	255,049	787,549
June 30, 2032 - 2036	439,000	143,911	582,911
June 30, 2037 - 2041	306,000	73,753	379,753
June 30, 2042 - 2046	151,000	27,502	178,502
June 30, 2047 - 2049	69,200	9,614	78,814
	2,613,343	1,382,945	3,996,288
Total Business-type Activities	2,935,560	1,398,663	4,334,223

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# 2. DETAILED NOTES ON RUNDS AND COMPONENT UNIT - CONTINUED LIAGRATISE - CONTINUED CRET SERVICE REQUESSMENTS

The debt service requirements at June 30, 2016, were as follows:

tetoT	emotici (		PRINARY GOMERNIT Governmertal Activities Capital Legen
	CHI Se de Chicar-	For one	TIGE OF SALL
369:34t	37,115	183,801	1 00 00 000
149,249	534.50	112,836	June 39, 2018
145.411		9053511	June 30, 2019
065.541	470,53	910,531	OBAS OF Shot
ACC TOT	900 91	BARLIET	Jame 30, 2021
208,876 083,880,1	J. Saler	348,154 518,665	Juni: 80, 2022 - 2029
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			Plus pepartiyan Aptivities
			Louis Payable
	45°C 8	231.78	June 00, 2017
Sex 18	001-4		June 30, 2018
108,03	961,S	150.15	June 30, 2019
THE ST	1409	11,659	June 33, 2020
18 322		17.634	1909 36 and
		88.886	June 20, 2022 - 2024
101.26 West 1986		160.556	The second of the second secon
	\$17.01	1134340	
and all			Revenues Bossel Vayable
215 000	110,088	108-800	Lane 30, 2017
CALITS -	Ch5,201	105,000	
BEE 115	<b>20</b> 0年,0位	008.071	C109 .00 GHUL
170,015		000,011	OSSS OF RAUL
208.239	985,00	600.811	1908, CR ##LL
276.088		844,888	June 80, 2027 - 2036
946,787	255,549	652,556	June 20, 2027 - 2031
118 388	110.231	0.000,000	acos - soos .os enut
ear exe	SEC.EV	308,000	TAGS - VEGS GE GALL
208.871	27.802		June 30, 2042 - 2646
412.07	\$4 B C	orstea.	June 30, 2047 - 2049
BECOME		EABLETS	
1,024,003	258,686,1	2,935,660	esitivitos egys geanland laid?

## 3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONTINUED

#### **LIABILITIES - CONCLUDED**

### **DEBT SERVICE REQUIREMENTS - CONCLUDED**

COMPONENT UNIT	Principal	Interest	Total
industrial Program			
June 30, 2017	13,187	4,996	18,183
June 30, 2018	13,725	4,459	18,184
June 30, 2019	14,284	3,900	18,184
June 30, 2020	14,866	3,318	18,184
June 30, 2021	15,472	2,712	18,184
June 30, 2022 - 2025	59,378	4,360	63,738
Total Component Unit	130,912	23,745	154,657

#### **RISK MANAGEMENT**

The City is exposed to various forms of loss related to torts, theft or damage to assets, errors and omissions, injuries to employees, and natural disasters. Each of these risk areas is covered through the purchase of commercial insurance. There have been no significant reductions in coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The City purchases unemployment insurance through the Kentucky League of Cities; however, risk has not been transferred to that fund. Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the City at risk for a loss contingency. Claims expenditures and liabilities would be reported in the affected fund if and when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

#### BALANCES AND TRANSFERS/PAYMENTS WITHIN THE REPORTING ENTITY

#### **RECEIVABLES AND PAYABLES**

Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds. Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are described as "due to/from other funds".

Activities in which the component unit is a party are captioned as "receivables/payables" between the component unit and the primary government. Internal receivable and payable balances at June 30, 2016, are listed on the following page.

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### LIAMILITIES - CONCLUCED

#### GROULLIMOD - ETVERHEIMERKERR BOMFIRE YARD

luin?	78219701	Releated	COMPONENT UNIT
681.81 481.81 481.81 481.61 481.61	4,990 6,638 9,260 2,218 2,718 4,360	13.187 10.785 14.886 15.886 15.422 50.376	Industrial Program June 30, 2016 June 30, 2019 June 30, 2020
156,621	23,745	910,061	Tint) Premogran@ leto T

#### 下统组织等省系统从18 对法约

The City is exposed to various forms of loss relations of that or detector is assets, errors and omissions injuries to employees and natural alsoems. Each of these life insight each of continuential insurance. There have taken not significant reductions in coverage from the oracle year. Settled claims resulting from these take have not exceeded commission meetings coverage in any of the past three from these takes have not exceeded.

The City purchases unemployment insurance through the Kantucky Loagus of Cities, however, its has not been transferred to that fund. Under CCRIAS employers are mandated to notify reminated employees of evaluable continuing insurance coverage. Failure to comply with the requirement may put the City at risk for a loss centingency. Claims aspectiful and tubulities would be reported in the clinoted land it and when it is probable that a loss has construct and the amount of that loss has can be constructed and the amount of that loss can be constructed entire.

#### YTTYY E 的国际安全部分别 用出了 经共产的公司工作共享的国际国际国际的政策的企业工作的企业会通行的的 FA-5

Generally, outstanding balances between funds reported as "due toffrom other funds" include outstanding charges by one fund to another for supply exemitments pullstanding at year end, and other miscellaneous neceleousles/pervaples between funds. Activities perveen funds that environ expressing at the end of the fleent year are described as these between places are generally outsideding of the end of the fleent year are described as these between places are the end of the fleent year are described as these between places are proposed.

Activities in which the comparent unit is a party are esphened as "receivable singulation" between the component unit and the primary government. Internal receivable and payable talliness at June 30, 2016, are listed on the following page.

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## 3. DETAILED NOTES ON FUNDS AND COMPONENT UNIT - CONCLUDED

## BALANCES AND TRANSFERS/PAYMENTS WITHIN THE REPORTING ENTITY - CONCLUDED

### **RECEIVABLES AND PAYABLES - CONCLUDED**

	Internal Receivables	Internal Payables
PRIMARY GOVERNMENT		
Governmental-type Activities		
General Fund	453,898	
<b>Business-type Activities</b>		
Water	312,286	550,120
Natural Gas	127,388	31,166
Sewer		312,286
	893,572	893,572

#### TRANSFERS AND PAYMENTS

Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions and funding capital asset acquisitions. Resources are accumulated in a fund or component unit to support and simplify the administration of various projects or programs. The government-wide statement of activities eliminates transfers as reported within the governmental activities column.

Transfers between funds were as follows:

	GENERAL FUND	SPECIAL REVENUE FUND
Transfers to (from)	<u>17,109</u>	(17,109)

#### 4. RETIREMENT PLAN

## Defined Benefit Pension Plan County Employees' Retirement System

The City of Edmonton, Kentucky is a participant in the Commonwealth of Kentucky's County Employees' Retirement System (CERS), a multiple-employer public employee retirement system. CERS is administered by Kentucky Retirement Systems Board of Trustees pursuant to KRS 78.510-78.852. All full-time employees are required to participate in the Plan as well as any part-time employees who average one hundred or more hours per month. The Kentucky Retirement System (KRS) issues a publicly available financial report that includes financial statements and required supplementary information for CERS. The report is available at <a href="https://www.kyret.ky.gov">www.kyret.ky.gov</a> or by writing to Kentucky Retirement Systems, Premier Park West. 1260 Louisville Road, Frankfort, Kentucky 40601. CERS prepares its financial statements in accordance with GASB statements and generally accepted accounting principles. The accrual basis of accounting is used for all funds. Contributions are recognized when due, pursuant to statutory requirements. Benefits are recognized in the month they are earned and withdrawals are recognized in the month they are due and payable. Investments are recognized at fair value.

## CITY OF EDEICHTOM, KENTUCKY HOYES TO PHANCIAL STATEMENTS - CONTRIDED JURE NO. 2010

## 3. DETAILED NOTES ON FUNDS AND COMPONENT USET- CONCEUDED

DALANCES AND THATGRERSPAYMENTS WITHIN THE NEPOLITING ENTITY

#### RECEIVANT REPORT PAYAGLES - CONCULTED DE

terrister) Poyables	lativetal Rocci rabito	
		PRIMARY GOVERNMENT.
	895,636	Gevernmentskype Activities General Fund Bysinger-type Activities
051,888 301,188	\$12,286 127,388	Water Gas
312.208		

#### TRANSPERS AND PAYMENTS

Transfero and payments within the reporting ontity are substantially for the purpose of substitizing operating functions and function of component unit to suggest and simplify the administration of vertous projects or programs. The government-wide statement of activities similaries transfers as reported within the governmenter reflectes counting.

Transfers between luchs were as follows:

SPECIAL HEVELENE ENVIO	JAREMOD GEOR	
(801.71)	801.XL	Tradelers to (from)

#### LIA OF THE BEST AND A ...

## Defined Panelli Fension Flan County Employage' Rollmaneth System

The City of Edmonton, Kestucky is a participant in the Commonwealth of Kentucky's Goung Europoyees' Retrained System (CERS), a multiple engioyet public anticipys retrained system. CERS is administrated by Kentucky Pathonent Systems Coung of Trustees pursuant to KPS 78 510-78 632. At tuckine antipoyees are required to participate in the Plan as well as any partition amplitudes who average the handlor of more participate in the Plan as well as any partition amplitudes at publicly analistic through report that includes finance elements and required supplementary information for CERS. The report is available at average or by writing to featurely Retrained Systems. Premier Part Wast 1250 Average is according to the Armony (GERS) prepared to the manufacture of the account account of according to a statements and reported and the pursuent of statements. Events are recognized in the month they are decayable. Internation they are decayable, investments are recognized in the month they are due and payable. Investments are recognized in the month they are due and payable. Investments are recognized at tail value.

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#### CITY OF EDMONTON, KENTUCKY NOTES TO FINANCIAL STATEMENTS - CONTINUED JUNE 30, 2016

#### 4. RETIREMENT PLAN - CONTINUED

## Defined Benefit Pension Plan County Employees' Retirement System - Concluded

Funding for the Plan is provided through payroll withholdings and participating employer contributions. Hazardous and non-hazardous employees hired before September 1, 2008, are required to contribute 8% and 5%, respectively; those hired after September 1, 2008, are required to contribute 9% and 6%, respectively. The City is required to contribute 32.95% and 17.06%, respectively, of regular covered employee compensation for the year ended June 30, 2016. Benefits under the Plan will vary based on final compensation, years of service, and other factors as fully described in the Plan documents.

The payroll for hazardous and non-hazardous employees covered by CERS for the year ended June 30, 2016, was \$264,805 and \$630,967, respectively; the City's total payroll was \$940,325. The contribution payments for the year ended June 30, 2016, were \$246,602, which consisted of \$194,896 from the City and \$51,706 from employees. Employer contribution rates, determined by the Board of Trustees of the Kentucky Retirement Systems, are intended to fund the CERS's normal cost on a current basis plus fund an amount equal to the amortization of unfunded past service costs over thirty years, using the level percentage of payroll method.

### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the City reported a liability for its proportionate share of the net pension liability for CERS. The amount recognized by the City as its proportionate share of the net pension liability was \$1,935,867. The net pension liability for the plan was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2015, the City proportion was .04860% for hazardous and .02719% for non-hazardous.

For the year ended June 30, 2016, the City recognized pension expense of \$397,782. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	pondione from the following doubtes.	HAZAF	RDOUS	NON-HAZARDOUS	
		Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred inflows of Resources
	Difference between expected and actual experience	16,203		9,715	
	Changes of assumptions	64,469		117,882	
	Net difference between projected and actual earnings on pension plan investments	4,685	43,270	10,479	78,314
	Changes in proportion and differences between employer contributions and proportionate share of contributions	29,774		4,091	
	Employer contributions subsequent to the measurement date	87,253	- <u>- in</u>	107.643	<u>.</u>
	Total	202,384	43,270	249,810	<u>78,314</u>
TP	&C	Page 59			

#### CITY OF EDMONTON, ICENTIFICALY MOTES TO PINANCIAL STATEMENTS - DONTHINED JUNE 16, 2018

#### AE PREMENT PLAIS - CONTRIBUTED

#### Defined Benefit Parroon Plac County Employees' Pathenoom System - Constitution

Funding for the Plan is provided timingly payroll withholdings and perticipating analyses contributions. Interactions and non-hazardale employeds fired before September 1, 2009, are quired to contribute 8% and 8%, respectively; under fired star September 1, 2009, are required to contribute 9% and 6%, respectively. The Oby is required to contribute 32,05% and 17,06%, respectively. The Oby is required to contribute 32,05% and 17,06%, respectively, or require covered employee competication for the view render 50, 2016. Sensitive under the Plan will vary based on roat competication, years of solvations and covered and covered and covered and covered as follows.

The payroll for forzerous and non-hazardous employees unvered by CERS for the year ended June 20, 2016, was \$254,805 and \$500,907, respectively, are City's telat payroll was \$540,025. The contribution payrisenes for the year ended June 36, 2016, were \$286,802, which consisted of \$168,500 from the City and \$61,700 from employees, inchipyer gentification in thes, determined by the Board of Trustees of the Rentucky Retirement Systems, are medied to faile the CERS's netwest each on a current basis pius find an amount expert to the amortization of unfurtured pest service costs over thing years, using the lovel percentage of payroll method.

## Pension Mabilities, Pension Expense, and Datemed Curtiows of Resources and Defensed inflows of Resources (felicine) to Papalone

At June 30, 2018, the City reported a fability for its proportionate share of the net pension liability for CERS. The empount mongnitud by the City as its proportional share of the respect pension liability was \$1,935,057. The net pension liability for the plan was measured as of June 30, 2016, and the local pension liability used to establish the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2015, the City properties was 15/380% for hazardons and 32.719% for non-herardons.

For the year ended June 20, 2019, the Sity recognized penaltic expanse of \$297,742. At June 30, 2010, the City reparted determed pulliaws of resources and coverse autows of resources related to penalties from the totlowing sources.

Participate treat the tonewing sources.	FE SAM	8000	SARHUOM	2.4009%
	to evolutely to evolutely epolytely	beautiful to awaltri septiment	Detroids Outlines of Seggyoga	Deserred to eurolful augustope
ber bereage egwief eereraliiG eronii duperianse			815.0	
Changes of assumptions	54,469		117,882	
Net difference cytween projected and actual comings on pension plan investments		63,270		A18:35
Counges in proportion and differences by two-services and contributions and proportionals share of contributions.	29.774		4,091	
Strictoyer organizations subsequent to the moderness details	5,85,78		197.642	
luth T	202.364	953,84	918.836	ALE ST

#### CITY OF EDMONTON, KENTUCKY NOTES TO FINANCIAL STATEMENTS - CONTINUED JUNE 30, 2016

#### 4. RETIREMENT PLAN - CONTINUED

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Concluded

The \$87,253 (Hazardous) and \$107,643 (Non-Hazardous) reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

### DEFERRED AMOUNT TO BE RECOGNIZED IN FISCAL YEARS FOLLOWING THE REPORTING DATE

	Hazardous	Non- Hazardous
June 30, 2017	12,606	19,689
June 30, 2018	12,606	19,689
June 30, 2019	12,607	19,688
June 30, 2020	12,607	1,873
June 30, 2021	21.435	2.914

#### **Actuarial Assumptions**

The total pension liability for KRS was determined by applying procedures to the actuarial valuation as of June 30, 2015. The financial reporting actuarial valuation as of June 30, 2015, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

June 30, 2015
July 1, 2008 - June 30, 2013
Entry Age Normal
Level percentage of payroll, closed
28 years
5-year smoothed market
3.25%
4.0%, average, including inflation
<ol><li>7.50%, net of pension plan investment expense, including inflation</li></ol>

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back for one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the Systems. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014.

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## CITY OF EDINGNITON KENTUCKY NOTES TO FINANCIAL STATEMENTS - CONTINUED JUNE 36, 2018

#### OBUINT PART PART PART OF THE STATE OF

Position Usigilities, Panalon Expense, and Deforced Cultions of Resources and Defored inflows of Resources Related to Revalons Combinated

The SS7.253 (Hazardous) and STG7.845 (Non-Hazardous) reported as distorate extravely outlove of resources related to consider resulting from the Card's confiderations subsection to the measurement of the year anding masser of the SG 2017. Other amounts reported as determed outlooks of resources and determed inflows related to parations will be recognized in peristion expense as follows.

### DEFENRED AND INTER BE RECOGNIZED IN PERCAL VENESSES

eneid eu pâneasări	sect asside	
686.61		
	12,606	June 30, 2018
689,01	YC6,517	June 30, 2019
1,873	12:607	四国,光 and
ALS:S		

#### Accusaint Atlantama

The total pension (softly for KRS was determined by applying procedures to the estuarial valuation as at June 30, 2016. The financial reporting extracted valuation as at June 30, 2016, used the following estuarial methods and assumptions, amplied to all prix periods in the measurement:

Valuetion Date

Experience Study

Attriumal Cost Method

Amortization without

Fleeting Amortization Period

Asset Valuation

Asset Valuation

Cycen smoothed market

Balary Increase

Cost, sverage, indicating interior

Cost, sverage, indicating i

The exertably table used for sortice manchers is RP-20x0 Combined Mortatry Table projected with smalle 28 to 2013 (multiplied by 60% for males and 36% for finalities. For healthy refined manthem and periodicates, the mortally table used is the RP-2000 Combined Mortatry Table projected with State 88 to 2013 (see 150) for one year for females). For disabled majoriers, the RP-2000 Combined Disabled Mortatry Table projected with State RR to 2013 (set back four years to make for the games and that margin in the current profession possible treats improvement in containly rates and that margin will be reviewed again when the next experience investigation is conducted.

The long-term expected return on plan resets is reviewed as part of the regular experience studies prepared levery five years for the Systems. The most recent snelysts performe for the denor consent those years 2005 through 2013, is suffined in a report dated April 30, 2014.

STATE

#### CITY OF EDMONTON, KENTUCKY NOTES TO FINANCIAL STATEMENTS - CONTINUED JUNE 30, 2016

#### 4. RETIREMENT PLAN - CONTINUED

#### **Actuarial Assumptions - Concluded**

Several factors are considered in evaluating the 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.

#### **Discount Rate**

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 28-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 7.50%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

## Sensitivity of the City's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following table presents the net pension liability of the City, calculated using the discount rates selected by CERS as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

HAZARDOUS	Discount Rate	City's Proportionate Share of Net Pension Liability
1% Decrease	6.50%	977,977
Current Discount Rate	7.50%	764,024
1% Increase	8.50%	586,760
		City's
NON-HAZARDOUS	Discount	Proportionate Share of
	Rate	<b>Net Pension Liability</b>
1% Decrease	6.50%	1,492,392
Current Discount Rate	7.50%	1,169,014
1% Increase	8.50%	892,070

#### **Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports of CERS, included in Kentucky Retirement Systems Comprehensive Annual Financial Report. The effect of CERS on the City's net position has been determined on the same basis used by CERS.

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## GITY OF EDWONTON, KENTUCKY NOTES TO PINANCIAL STATEMENTS - CONTINUED JURIE 30, 2016

#### A RETURNATOR PLAN - CONTINUED

#### Actuaries Assumptions - Concluded

Several teases are considered in evenialing the long-term historical data, estimates inherent to connect market data, and a log-normal distribution shalps in which best-estimate ranges of expected united seal rates of return (expected return, net or investment days has a maintitution) were developed by the investment consultant for each major asset class. These ranges were combined to produce his long-term expected rate of return by self-hing the expected future had rates of attent by the range asset altogration percentage and their adoing expected intertion. The capital militaries assumentions developed by the investment consultant are intertided to landing perision plans which curers a longer timeframe. The escultageon is intended to be a long-tarin assumention and each entire assumetion, or a fundamental change in the market liber asset attraction returns or future or time asset attraction as change in the vests.

#### Discount Nate

The elepatint rate used it measure the lotal pension laudity was 7.50%. The projection of analities used to determine the discount rate assumed that local employers violat contribute the actuariaty determined contribution rate of projected compensation over the remaining 29-year artistication period of the unit-rated actuariat accrued limitity. Projected inflows from investment satisfies worth defected call give leng-term assumed investment return of 7,50%. The long-term resembnit rate of rature was applied to all periods of projected numbrit payments to determine the total pension liability.

### Sensitivity of the City's Proportionate Share of Net Penalon Liability to Changes in the Crocaust Raise

The following topic presents the net pension liability of the City, calculated using the discount rates selected by CERS as well as what the City's her consion hability would be if it were considered using a discount of a treatile theorem is a treatile of the contract of the contract calculation and the contract calculations.

City's Preparationate States of Vest Penalus Lightity 977,977 764,024 546,760	Discount <u>Herp</u> 6 63% 7 50% 8 56%	HAZARDOUS 1% Decrease Ourneth Lisopant Rate 1% tourcase
City's Proportionate Share of Net Renores Lighblity 1,492,392 1,160,014 002,070	SAMODEKS SPECI APCE N APCE N	ROORASAH NOM 1% Decreps Current Deccuri Sasa 1% Micreson

#### Parsing Pier Pleachen Net Postere

Detected intermedical about the pension plants inducion, not position to evaluable in the argentists issued francial reports of DERS, included in Kennusky Remember Systems Comprehensive Amoust Financial Report. The offset of CERS on the Cityls not position has been determined on the some basis seed by CERS.

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#### CITY OF EDMONTON, KENTUCKY NOTES TO FINANCIAL STATEMENTS - CONTINUED JUNE 30, 2016

#### 4. RETIREMENT PLAN - CONCLUDED

#### **Medical Insurance Plan**

#### **Plan Description**

In addition to the pension benefits described above, Kentucky Revised Statute 61.702 requires CERS to provide post-retirement health care benefits to eligible members and dependents. Changes made to the medical plan may be made by the Kentucky Retirement Systems' Board of Trustees and the General Assembly. Additional information can be obtained in the aforementioned financial statements and required supplementary information for CERS.

To be eligible for medical benefits, the member must have retired either for service or disability. The amount funded by the insurance fund depends on the months of service. The insurance fund shall continue the same level of coverage for a recipient who was a member of the CERS after the age of sixty-five as before the age of sixty-five, if the recipient is not eligible for Medicare coverage.

#### **Funding Policy**

The post-retirement health care provided by CERS is financed wholly or partly from funds contributed by the recipient of a retirement allowance, by the Kentucky Retirement Systems insurance fund, or by another state-administered retirement system under a reciprocal agreement. Also, any premiums collected from retirees and investment interest help with the medical expenses of the plan.

#### 5. CONDUIT DEBT OBLIGATIONS

The City of Edmonton, Kentucky, has issued Kentucky Healthcare Refunding Revenue Bonds (T.J. Samson Community Hospital Project) Series 2012 to provide financial assistance to T.J. Samson Community Hospital in refunding its obligation with the Kentucky Economic Development Finance authority, which was used to acquire, construct, equip, and renovate its facilities deemed to be in the public interest. The bonds are secured by a first pledge of the revenues of T.J. Samson Community Hospital. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2016, there was one series of Kentucky Healthcare Refunding Revenue Bonds outstanding. The aggregate principal amount payable totaled \$2,587,000.

#### 6. SUBSEQUENT EVENT

On June 28, 2016, the citizens of Metcalfe County voted in favor of allowing the sale of alcoholic beverages within the boundaries of Metcalfe County. Subsequent to year-end, the City adopted the Alcohol Beverage Control Ordinance, which establishes licenses and fees for businesses engaged in alcohol sales pursuant to KRS 243.070. At this time, the impact on the City's financial position and operations is undeterminable.

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#### CITY OF EDMONTON, KENTHOKY WOTES TO PRINKOWAL STATEMENTS - CONTINUED JUME OB 2016

#### A PETERSMENT PLAN - CONOLUDED

#### Modical Incurance Plan

#### nest procedure?

In addition to the pension benefits described above. Kentucky Flevised Sieture 51,702 requires OGRS to provide post-rationrom neath case peneirs to eligible members and Jependents Chapges medicity to the medical plan may be made by the Kentucky Refrement Systems' Board of Trustional and the Content Assembly. Actinional information obtained to the day the also adversarion of the content of the statements and required supprementary information for CERS.

To be stigible for merical benefits, the member must have reflect either for canada or disentity. The amount funded by the insurance fund depends on the months of sentice. The unsurance fund about on the months of sentice. The unsurance the case to case the case the case to case the case of sixty funders as the first or a social substitute of the dependence of the dependence of the dependence of substitute in the design of the dependence of the dependence of the dependence of the dependence of substitute of the dependence of the

#### Puncting Policy

The post-retirement realth care provided by CERS is financed wholly or partly nom funds contributed by the recipient of a retirement allowance, by the sentuator Retirement Systems Insurance fund, or by another state-administered telephent system under a recipiodal agraement. Also, any pramising collected from retiress and investment interest help with the medical expenses of the plan.

#### S. CORDUIT DEST DISLICATIONS

The Dity of Edmonton nemberly, has issued Kertscky Instituted Rehading Rovernie Bends (T.J. Samson Community Mospilal Project) Sense 2012 to provide financial ausistance to T.J. Samson Community Mospilal in refunding its obligation with the Kentucky Economic Development Financia authority, which was used to accurre construct, equip, our renewast to begin the public enterest. The bonds are seconed by a first plottee of the revenues of T.J. Samson Community Hospital. Patther the City, the State, not any addition subdivision thereof is obligated in any attender for in payment of the bonds. Accordingly, the bonds are not reperted as belief in the accompanying financial statements.

As of June 30, 2018, there was not garles of Sentuciof Hasthours Raturding Revenue Bonds outstanding. The appreparation or tropal amount payable totaled \$2,567,000.

#### THE VETTINGUESTON

On June 26, 2016, the obtains of Metcatte County voted in favor or allowing the sale of alphabets beverages within the boundaries of Metcatte County. Subsequent to year-end, the City adopted the Alcohol Benerage Corviol Ordinance, which establishes intenses and tees for businesses engaged in alcohol sales bureaged to 103 2.13.076. At this time, the impact on the City's Internal position and operations is underlytimable.

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**REQUIRED SUPPLEMENTARY INFORMATION** 

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REQUIRED BURPL EMENTARY BURO REAL PORT

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#### CITY OF EDMONTON, KENTUCKY STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Original	d Amounts Final	Actual Amounts GAAP Basis	Variance With Final Budget
REVENUES				
Property Taxes	82,500	82,500	85,170	2,670
Occupational Licenses and Tax	730,000	730,000	907,418	177,418
Insurance Premiums Tax	164,000	164,000	187,345	23,345
Franchise Fees	9,000	9,000	9,605	605
Intergovernmental Revenue	48,740	48,740	38,016	(10,724)
Penalties and Fines	500	500	127	( 373)
Parks and Recreation	50,000	70,000	47,974	(22,026)
Other	15,000	23,500	12,414	(11,086)
Total Revenues	1,099,740	1,128,240	1,288,069	159,829
EXPENDITURES				
Current	005 405	040.005	100 100	07.500
General Government	205,165	213,665	186,103	27,562
Public Safety	277 000	200 700	450,004	( 60 004)
Police	377,220	392,720	456,004	( 63,284)
Fire	36,500	36,500	28,873	7,627
E911	72,000	72,000	73,314	( 1,314)
Street Department	005 000	005 000	3,550	( 3,550)
Parks and Recreation	285,820	285,820	270,640	15,180
Capital Outlay	130,184	149,134	154,237	( 5,103)
Debt Service	101,699	101 600	104,531	( 0 000)
Principal Interest	44,346	101,699	40,626	( 2,832)
Agent Fees	6,066	44,346 6,066		3,720 0
Agent Fees	0,000	0,000	6,066	
Total Expenditures	1,259,000	1,301,950	1,323,944	(21,994)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	( 159,260)	( 173,710)	( 35,875)	137,835
OTHER FINANCING SOURCES (USES)				
Interest Income	5,000	5,000	3,876	( 1,124)
Surplus Property Sales			4,515	4,515
Grant Proceeds	50,000	50,000	51,500	1,500
Transfers In (Out)	( 18,000)	(18,000)	17,109	35,109
Total Other Financing Sources (Uses)	37,000	37,000	77,000	40,000
NET CHANGE IN FUND BALANCE	( 122,260)	( 136,710)	41,125	177,835
FUND BALANCE - BEGINNING	1,145,857	1,145,857	1,156,385	10,528
FUND BALANCE - ENDING	1,023,597	1,009,147	1,197,510	188,363

See independent auditor's report.

## CITY OF EDMONTON, KENTUCKY STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FIRST BALANCE - BUDGET AND ACTUAL OSHERAL FUND FOR THE VEAR ENDED LINE 30 2016

Variance Voith Bind Notice	tanto A almuomA oten6 RAAD	amuonia b	Singgonii Christmat	
2.670 177.416 23.346 605 (10.724) (22.026) (11.086)	85,170 877,485 87,345 80,68 810,885 127 47,974	82 500 730,600 164,600 9,000 48,740 500 70,000	80,500 730,000 164,000 9,000 46,740 50,000 15,000	Nevenues Property Taxes Occupational Licensee and Tax Insurance Framiums Tax Promitise Fees Idiergovernmental Revenue Penaltigs and Pings Partis and Reception Citier
	1,388,000	1,128,260	1,098,740	Total Reyenues
		213,665	205,165	ExPeliationes Curent General Government
( 63.264) 7.687 ( 1,814) ( 3,860) ( 6,160)	156,004 28,5.3 73,314 3,550 270,640 184,237	362,720 36,600 72,000 283,620 145,184	\$17,220 36,500 72,690 120,130	Public Safety Folice Free Street Department Parks and Recreation Cental Outley Detailed Service Detail Service
(\$883) 3,720	104.831 40.626 8.666	993, F01 946, 54 389(8	101,699 44,246 5,060	Pracipal Interest Agent Fees
(669,49)	1,323,944	089,802,1	1,259,000	Total Expenditures
368.751	(058.88 <u>)</u>	(017,871_)	(-1,69,269)	EXCESS (DEFICIENCY) OF REVENUES OVER EMPEROITURES
( 1,124) 4,515 1,500 25,169	3.676 4.575 51,500 17.109	6,000 a	5,000 50,000 50,000	OTHER FINANCING SOURCES (USES) Interest Income Surplus Properly Sales Grent Proceeds Translurs In (Chr.)
000,04	609,77	90,000		palanani 7 verti G late f Boorces (Book)
177,833	41,126	(OTV,BET )	(122,380)	NET CHANGE IN FORD BALAHOE
	1.186,385	1,145,857	1,145,857	FUND CALANCE - SEGNANIVG
198,881	028,781,4	731,898,1	7,023,897	FUND BALANCE - ENDING

See independent suditor's report

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# CITY OF EDMONTON, KENTUCKY STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2016

metey® Promer	liefi 'seeyolga	County fo	Actual	Variance
9100	Budgeted Original	l Amounts Final	Amounts GAAP Basis	With Final Budget
REVENUES	(maybus and and	BU JST 868 W 170	109019 17967	
Intergovernmental Revenue	33,453	33,453	31,812	( <u>1,641</u> )
Total Revenues	33,453	33,453	31,812	(1,641)
EXPENDITURES  Current		ility 18	Cell rolense Johnson	
Street Department	89,770	89,770	34,635	55,135 
Total Expenditures	89,770	89,770	34,635	<u>55,135</u>
EXCESS (DEFICIENCY) OF		C)EIIIAE/III	Digital May 1	
REVENUES OVER EXPENDITURES	(56,317)	( <u>56,317</u> )	(2,823)	<u>53,494</u>
OTHER FINANCING SOURCES (USES)	Ton	sq sevolome b	ateves en lo	( 05)
Interest Income Transfers In (Out)		- auchus	35 (17,109)	( . 35) 17,109
	nostriacied a	an apillano ten	configuration and the	
Total Other Financing Sources (Uses)	0	vilidali (10) se	(17,074)	17,074
NET CHANGE IN FUND BALANCE	(56,317)	(56,317)	(19,897)	36,420
FUND BALANCE - BEGINNING	56,317	<u>56,317</u>	250th 56,585	268
FUND BALANCE - ENDING	0	0	36,688	36,688

## CITY OF EDMONTON, KENTUCKY GASB 68 REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2016

## SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY County Employees' Retirement System

elnuomä emomis b Barantia isaa	staphuti terining	2015	2016
City's proportion of the net per	nsion liability		10.361 (0.12)
Hazardous	pas ne	.045761%	.04860%
Non-Hazardous		.027031%	.02719%
City's proportionate share of the pension liability	ne net	growth.	estrouse
Hazardous		549,963	746,024
Non-Hazardous	66,770	876,980	1,169,014
City's covered-employee payro	oll		A3711
Hazardous	SSTEE	231,825	248,582
Non-Hazardous		619,970	634,681
City's proportionate share of the pension liability as a percent of its covered-employee pay	age	NGY) OF RESPENSITURES: RECURERE NAME	BIOMBO; BRIS BYO BENNEYS BULLMESED WAS
Hazardous		237.23%	300.11%
Non-Hazardous		141.55%	184.19%
Plan fiduciary net position as a of the total pension liability	percentage	Phaneing Jens)	Total Otiner Sources ()
Hazardous		63.46%	57.52%
Non-Hazardous	(646,047)	66.80%	59.97%

(The amounts presented were determined as of the previous fiscal year end date.)

## CITY OF EDMONTON, KENTUCKY GASB 68 REQUIRED SUPPLEMENTARY INFORMATION - CONCLUDED JUNE 30, 2016

#### SCHEDULE OF CITY'S CONTRIBUTIONS

**County Employees' Retirement System** 

<u>2015</u>	2016
85,289 <u>112,092</u> <b>197,381</b>	87,253 107,643 194,896
( <u>197,381</u> )	(194,896)
<u> </u>	
248,582 634,681	264,805 630,967
34.31% 17.67%	32.95% 17.06%
	85,289 112,092 197,381 (197,381) 

(The amounts presented were determined as of the current fiscal year end date.)

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

#### Notes to Required Supplementary Information:

**Changes of benefit terms - None. Changes of assumptions:** 

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females.)
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

See independent auditor's report

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#### OTY OF EUWONTEN, KENTUCKY GASE SEGLISHED SUPPLEMENTARY INFORMATION - CONCLUDED KINE 20, 2018

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County Engaloyees 'Retirement System

8405	ā its	
87.253 103.616 194,606	6821.88 287.811 188,781	Cantracturally reculted contribution Hazardous Mon-Hazardous Total
(888,491)	(18E,79E)	Contributions in relation to the contribution
		Contribution (Left clency
264,605 630,665	248,582 634,681	City's coyened-engloyee payroil Hazardons Non-Hezardons
22.98% 17.00%	34.31% 17,87%	Cenmbullon as a percentage of covered-ortidoyee payroll Mazurdous Neit-Hazardons

(The amendment secured using determined on of the current Secureur and Jane.)

Schodulos dra intecciad to show information for 10 years. Additional years will be displayed as they become nyoliable.

#### Notes to Pagalliad Supplementary Information:

Changes of beautili some - None Changes of essentightons:

- The assumed invasiment tate or return was decreased from 7.75% to 7.50%.
  - The astrumed rate of infailed was reduced from 3.85% to 3.25%.
  - CO of a SOO it man hearther eaw holls in bear to him because, and 🔹
    - a Pentral arounds appropriately area partnered from a data, to a date
- Tire modelity table used for pative members in SP-2000 Command Medality Table exclected with Seeta RR to 2013 (multiplier by 50% for males and 20% on tempers).
- For healthy roundd marriages and beneficiaring the monethy tacte used is the RP. 2000 Combined informally Table projected with Spate Bit to 3013 (set back it year for females). For disabled monthces, the RP 2000 Combined Disapred Municipy Table (set back it years for males) is used for the period after deablily refreshed. There is some margin in the cyrreat metally tables for possible future improvement in mortally rates and that margin will be reviewed again when the next expende investment in mortally rates and that margin will be reviewed again.
- The absumed rever of Retrement, Withdrawal and Disposity were updated to more accurately reflect expenses.

See Independent zuglier is report

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SUPPLEMENTARY INFORMATION

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SUPPLEMENTARY INFORMATION

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#### CITY OF EDMONTON, KENTUCKY COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS JUNE 30, 2016

	Municipal Road Aid	LGEA	Total
	noad Ald	LULA	I Otal
ASSETS			
Cash in Banks	9,434	23,619	33,053
Due from Other Governments	3,635	<u> </u>	3,635
TOTAL ASSETS	13,069	<u>23,619</u>	36,688
LIABILITIES AND FUND BALANCES			
LIABILITIES			0
FUND BALANCES - RESTRICTED	13,069	23,619	36,688
TOTAL LIABILITIES AND FUND BALANCES	13,069	23,619	36,688

#### CHY OF EDMONTON, KENTUCKY COMBINING BALANCE SHEST - SPECIAL REVENUE FUNDS JUNE 30, 2010

	Musicipat Poed Alsi	A20.1	Date 7
ASSETS Cash in Earlies Due Iroth Other Governments	9, 434 (1,636	@ to .0s	83,053 2,635
TOTAL ASSETS	12,059	919.53	
LIABILITIES AND FUND BALANCES			
23/D.#6ALI			0
FUND BALANCES - RESTRICTED	13,659	913.65	
TOTAL LIABILITIES AND PLICE BALANCE	13,960	23,819	888,86

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#### CITY OF EDMONTON, KENTUCKY COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	Municipal Road Ald	LGEA	Total
REVENUES Intergovernmental Revenue	30,728	1,084	31,812
Total Revenues	30,728	1,084	31,812
EXPENDITURES Streets LGEA	34,635 		34,635 0
Total Expenditures	34,635	0	34,635
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,907)	1,084	(_2,823)
OTHER FINANCING SOURCES (USES) Interest Income Transfers	- ( <u>17,109</u> )	35	35 ( <u>17,109</u> )
Total Financing Sources (Uses)	( <u>17,109</u> )	35	(17,074)
NET CHANGES IN FUND BALANCES	(21,016)	1,119	(19,897)
FUND BALANCES - BEGINNING	<u>34,085</u>	22,500	<u>56,585</u>
FUND BALANCES - ENDING	13,069	23,619	36,688

## COTY OF EDWONTON, KENTRICKY CONTENNING STATEMENT OF REVENUES, EXPENDINGES, AND CHANGES IN THEY BALANCES - SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE SU, 2018

	and the second s		
	läigkoistaM billa balois	LOEA	isto T
HEVSAMEs Intergovernmental Revenue	967.06	NBO, 1	21,810
Total Hovanues	685,96	1.004	270,10
EXPENDITURES Streets LGEA	34.635		34,436 0
Yeari Expenditures	260,46		36,085
EXCESS (DERICIENCY) OF REVENIERS OVER EXPENDITURES	(709,8_)	1.034	(S.8.3)
OTHER TRIVENCING SOURCES (JEES) Transfere	(801,7.1)	ēE	35 (17,106)
Yotal Pinanaing Sources (Uses)	(901,711)		(07.074)
NET CHANGES IN FURD BALANCES	(919,13)	1,119	(19.87)
FUND DALANDES - BEGINNING	380,86	92.500	20,565
FUND BALANCES - ENDING	929.51	819.63	999,90

# CITY OF EDMONTON, KENTUCKY DISCRETELY PRESENTED COMPONENT UNIT EDMONTON-METCALFE INDUSTRIAL DEVELOPMENT AUTHORITY BALANCE SHEET JUNE 30, 2016

Cash on Hand and in Banks	85,797
TOTAL ASSETS	<u>85,797</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
FUND BALANCE - COMMITTED	85,797
TOTAL LIABILITIES AND FUND BALANCE	85,797

# OFF OF ADMONTON, KENTUCKY DISCRETELY PRESENTED COMPONENT UNIT ECHIDATON-METCALTE INDUSTRIAL DEMELOPMENT AUTHORITY BALANCE SHEET JUNE 30, 3010

262.96	east rs Cash on hand and in Eanks	
787.00	STERM AND	
	SOME DESCRIPTION OF THE PROPERTY OF THE PROPER	
	SHITGHALF	
707,35	FUND BALANDE - COMMITTED	
267,25	OTAL MARILITIES AND PUND BALANCE	T

# CITY OF EDMONTON, KENTUCKY RECONCILIATION OF THE BALANCE SHEET OF THE DISCRETELY PRESENTED COMPONENT UNIT – EDMONTON-METCALFE INDUSTRIAL DEVELOPMENT AUTHORITY TO THE STATEMENT OF NET POSITION JUNE 30, 2016

Total Fund Balance - Component Unit	85,797
Amounts reported for <i>component unit</i> in the statement of net position are different because:	
Capital assets of \$2,590,265, net of accumulated depreciation of (\$538,036), are not current financial resources and, therefore, are not reported in the fund.	2,052,229
Long-term liabilities of (\$130,912) are not due and payable in the current period and are not reported in the fund.	(_130,912)
Net Position of Component Unit	2,007,114

## COMPONENT UNIT - EGRICATION OF THE ENGLISH PORTION OF THE DISCRETELY PRESENTED COMPONENT UNIT - EGRICATON-METCALES INQUSTRIAL DEVELOPMENT AUTHORITY FO THE STATEMENT OF MET POSITION

Facel Fund detends to compared that in the suscended of net position are different package.

Amounts reported for compared unit in the suscended of net position are different package.

Capital assists of \$2.560,265, net of accumulated depreciation of (\$658,036), are not outlest insucial resources and, therefore, are not reported in the fund.

2,062,269 and are not reported in the tund.

# CITY OF EDMONTON, KENTUCKY DISCRETELY PRESENTED COMPONENT UNIT EDMONTON-METCALFE INDUSTRIAL DEVELOPMENT AUTHORITY STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE FOR THE YEAR ENDED JUNE 30, 2016

REVENUES Rent Income	24,000
Intergovernmental	25,762
Total Revenues	49,762
EXPENDITURES Industrial Program Debt Service Principal Interest	19,706 12,664 5,520
Total Expenditures	
EXCESS OF REVENUES OVER EXPENDITURES	11,872
OTHER FINANCING SOURCES	<u></u>
NET CHANGE IN FUND BALANCE	11,872
FUND BALANCE - BEGINNING	73,925
FUND BALANCE - ENDING	85,797

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## CATY GE EDMONTOM, MENTUCKY DISCRETELY PRESENTED OCHROHENT UNIT EDMONTOM-METCALER MINUSTRIAL DEVELOPMENT AUTHORITY STATEMENT OF REVENUES, ESPRENDITURES, AND CHANGE IN FUND DALANCE FOR THE YEAR ENDED JUNE 30, 2010

24,006 58,182	PERMITES Heat Income Intergoveramental	
201.84	acunavaFl taseT	
19 706 12 684 	EXPENDITURES Industrial Pagests Delt Service Procipal Interest	
	equiforequit later	
\$19.17	SERUTIONS OR REVENUES OVER EXPENDITURES	
	OTHER PHAREONICS OF PERSONS AS A STATE OF THE PROPERTY OF THE PERSON OF	
STB, r r	DEF CHANGE IN FIND BOLANCE	
399 <u>/E</u> Y	PERMIT SALAMOR - REGINAMEN	
VOX.85	OMEND - ECMAJAS CKIS	

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# CITY OF EDMONTON, KENTUCKY RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE OF THE DISCRETELY PRESENTED COMPONENT UNIT – EDMONTON-METCALFE INDUSTRIAL DEVELOPMENT AUTHORITY TO THE STATEMENT OF ACTIVITIES JUNE 30, 2016

11,872

(56,258)

12,664

## Net Change In Fund Balance – Component Unit Amounts reported for *component unit* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the costs of these outlays are allocated over their estimated useful lives and reported as depreciation expense. The amount of depreciation expense is (\$56,258) in the current period.

The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayments of debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The amount of debt payments is \$12,664.

Change in Net Position of Component Unit (31,722)

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# CITY OF EDMONTON, KENTHSKY RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE OF THE UNSCRETELY PRESENTED COMPONENT UNIT - ETHIONION-METCALFE INTRISTRIAL DEVELOPMENT AUTHORITY TO THE STATEMENT OF ACTIVITIES JUNE 30, 2010

Not Charge in Fund Belance - Component Unit

Anounts reported for component unit in the statement of activities are different

Decause:

Governmental funds report capital outlays as expanditures, however in the
statement of activities the pasts of those outlays are allocated over their
estimated useful lives and reported as depreciation expense. The amount of
depreciation expanse is (556,256) in the current period

The proceeds of debt insurance provide current limancial resources (or
governmental funds, but its using debt its assess long-term (apilities in the
statement of net position. Repayments of debt principal are expenditures in the
government of net position. The amount of debt payments is \$12,634.

Change in that Position of Component Unit

#### **TAYLOR, POLSON & COMPANY, PSC**

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TOMPKINSVILLE, KENTUCKY 42167

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FAX 270-487-6515

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

Honorable Mayor and Members of the City Council City of Edmonton, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Edmonton, Kentucky, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise City of Edmonton, Kentucky's basic financial statements, and have issued our report thereon dated October 25, 2016.

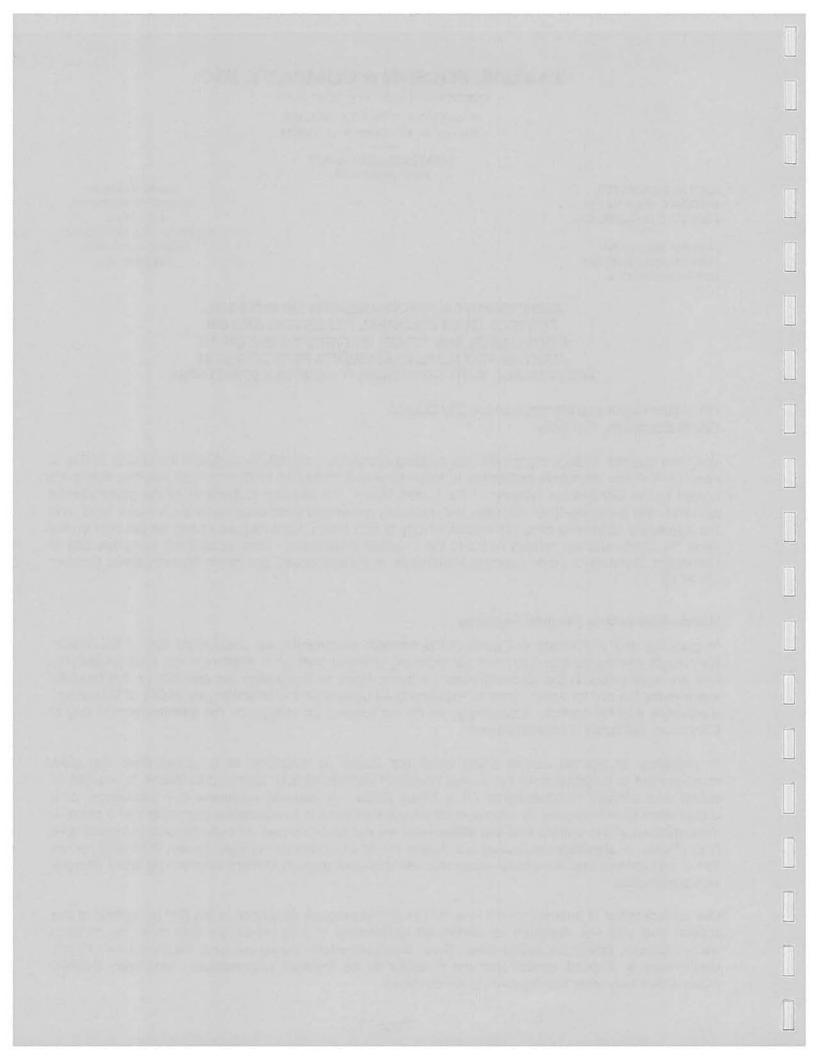
#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Edmonton, Kentucky's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Edmonton, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Edmonton, 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.

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Honorable Mayor and Members of the City Council City of Edmonton, Kentucky

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Edmonton, Kentucky's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sanfon, Paleon + Company, PSC.
Certified Public Accountants

October 25, 2016

