

CITY OF MORGANTOWN, KENTUCKY
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash on Hand and in Bank and Certificates of Deposit	\$ 1,525,019	\$ 424,323	\$1,949,342
Property Tax Receivable, Net	4,006	0	4,006
Accounts Receivable, Net	0	100,475	100,475
Other Receivables	76,050	43	76,093
Note Receivable	102,959	0	102,959
Capital Lease Receivable	110,386	0	110,386
Accrued Income Unbilled	0	43,274	43,274
Restricted Cash	0	75,858	75,858
Prepaid Insurance	24,086	32,230	56,316
Materials and Supplies	0	44,550	44,550
Capital Assets, Net	<u>6,309,169</u>	<u>3,089,122</u>	<u>9,398,291</u>
TOTAL ASSETS	<u>8,151,675</u>	<u>3,809,875</u>	<u>11,961,550</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Pension Contributions Current Year	<u>198,922</u>	<u>199,917</u>	<u>398,839</u>
 CURRENT LIABILITIES:			
Accounts Payable	31,751	47,130	78,881
Taxes Payable	27,412	12,745	40,157
Accrued Wages and Taxes	5,512	36,727	42,239
Accrued Compensated Absences	26,438	23,784	50,222
Accrued Interest Payable	138	0	138
Advanced Rent	1,802	0	1,802
Customer Deposits	0	106,234	106,234
Current Portion of Bonds Payable	25,000	0	25,000
Current Portion of Notes and Lease Purchases Obligation	33,225	24,310	57,535
Current Portion of Notes Payable IHC	<u>201,850</u>	<u>0</u>	<u>201,850</u>
 TOTAL CURRENT LIABILITIES	 <u>353,128</u>	 <u>250,930</u>	 <u>604,058</u>
 NONCURRENT LIABILITIES:			
Notes Payable and Lease Purchases Obligation, Net of Current Portion	12,782	141,728	154,510
Net Pension Liability	1,163,115	644,975	1,808,090
Notes Payable, IHC, Net of Current Portion	<u>1,369,125</u>	<u>0</u>	<u>1,369,125</u>
TOTAL NONCURRENT LIABILITIES	<u>2,545,022</u>	<u>786,703</u>	<u>3,331,725</u>
 TOTAL LIABILITIES	 <u>2,898,150</u>	 <u>1,037,633</u>	 <u>3,935,783</u>
 NET POSITION:			
Unrestricted	1,951,998	(26,783)	1,925,215
Restricted for Debt Service	0	0	0
Restricted for Capital Improvements	0	75,858	75,858
Invested in Capital Assets, Net Of Related Debt	<u>3,500,449</u>	<u>2,923,084</u>	<u>6,423,533</u>
 TOTAL NET POSITION	 <u>\$ 5,452,447</u>	 <u>\$ 2,972,159</u>	 <u>\$ 8,424,606</u>

The notes to the financial statements are an integral part of this statement.

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

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants	Capital Grants	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Governmental Activities:							
General Government	\$538,552	\$9,014	\$ 28,031	\$0	\$ (501,507)	\$ -	\$ (501,507)
Public Safety:							
Police Department	415,207	1,583	27,039	0	(386,585)	-	(386,585)
Fire Department	43,473	3,260	0	0	(40,213)	-	(40,213)
Highways and Streets	414,415	0	127,472	0	(286,943)	-	(286,943)
Recreational	153,589	31,449	0	0	(122,140)	-	(122,140)
Cemetery	9,673	4,500	0	0	(5,173)	-	(5,173)
Industrial Holding Corp.	<u>209,573</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(209,573)</u>	<u>-</u>	<u>(209,573)</u>
Total Governmental Activities	<u>1,784,482</u>	<u>49,806</u>	<u>182,542</u>	<u>0</u>	<u>(1,552,134)</u>	<u>-</u>	<u>(1,552,134)</u>
Business-Type Activities:							
Water-Sewer System	931,342	805,796	0	0	0	(125,546)	(125,546)
Gas System	<u>988,264</u>	<u>909,138</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(79,126)</u>	<u>(79,126)</u>
Total Business-Type Activities	<u>1,919,606</u>	<u>1,714,934</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(204,672)</u>	<u>(204,672)</u>
Total Primary Government	<u>\$3,704,088</u>	<u>\$1,764,740</u>	<u>\$182,542</u>	<u>\$ 0</u>	<u>\$ (1,552,134)</u>	<u>\$ (204,672)</u>	<u>\$ (1,756,806)</u>

General Revenues			
Taxes			
Property	197,718	0	197,718
Franchise	10,291	0	10,291
Occupational Fees	1,515,590	0	1,515,590
Licenses and Permits	90,157	0	90,157
Interest-Income	984	1,267	2,251
Miscellaneous	12,130	0	12,130
Donations	22,840	0	22,840
IHC Interest Income	7,192	0	7,192
IHC Loan and Capital Lease Income	<u>447,530</u>	<u>0</u>	<u>447,530</u>
Total General Revenues and Transfers	<u>2,304,432</u>	<u>1,267</u>	<u>2,305,699</u>
Change in Net Position	<u>752,298</u>	<u>(203,405)</u>	<u>548,893</u>
NET POSITION-BEGINNING	<u>4,700,149</u>	<u>3,175,564</u>	<u>7,875,713</u>
NET POSITION-ENDING	<u>\$5,452,447</u>	<u>\$2,972,159</u>	<u>\$8,424,606</u>

The notes to the financial statements are an integral part of this statement.

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

	<u>Governmental Funds</u>		Total
	General	Special Revenue	Governmental Funds
ASSETS:			
Cash on hand and in Bank and Certificates of Deposit	\$1,015,347	\$509,672	\$1,525,019
Property Tax Receivable, Net	4,006	0	4,006
Note Receivable	102,959	0	102,959
Grant Receivable	76,050	0	76,050
Prepaid Insurance	<u>24,086</u>	<u>0</u>	<u>24,086</u>
TOTAL ASSETS	<u>\$1,222,448</u>	<u>\$509,672</u>	<u>\$1,732,120</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES:			
Accounts Payable	31,751	0	31,751
Taxes Payable	27,412	0	27,412
Accrued Wages & Taxes	5,512	0	5,512
Accrued Compensated Absences	26,438	0	26,438
Deferred Revenue	<u>102,959</u>	<u>0</u>	<u>102,959</u>
TOTAL LIABILITIES	<u>194,072</u>	<u>0</u>	<u>194,072</u>
FUND EQUITY:			
Unassigned Fund Balance	<u>1,028,376</u>	<u>509,672</u>	<u>1,538,048</u>
TOTAL FUND EQUITY	<u>1,028,376</u>	<u>509,672</u>	<u>1,538,048</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$1,222,448</u>	<u>\$509,672</u>	<u>\$1,732,120</u>

Total Fund Balances-Total Governmental funds

\$ 1,538,048

Amounts reported for *Governmental Activities* in the Statement of Net Position are different because:

For governmental fund accounting, notes receivable are required to be off set by a liability, deferred revenue as those funds are not readily available to expend, and cannot be included in fund balance.

102,959

Capital leases receivable of \$110,386 less advanced notes of \$1,802 related to financing land and buildings sold to level industries are reported in the funds.

108,584

Capital assets of \$9,128,531 net of accumulated depreciation of (2,819,362) are not financial resources and therefore, are not reported in the funds. See Note 6 for additional detail.

6,309,169

Net Pension Liability of \$1,163,115 less deferred outflows of resources of \$198,922 associated with the pension plan liability are not reported in the fund financial statements.

(964,193)

Bond obligations and notes payable obligation of \$1,641,982 and accrued interest of \$138 is not due and payable in the current period and is not reported in the funds. See Note 8 for additional detail.

(1,642,120)

Net Position of Governmental Activities

\$ 5,452,447

The notes to the financial statements are an integral part of this statement.

CITY OF MORGANTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2016

	<u>Governmental Funds</u>		Total Governmental Funds
	<u>General</u>	Special <u>Revenue</u>	
REVENUES:			
Taxes	\$ 208,009	\$ 0	\$ 208,009
Licenses and Permits	1,614,761	0	1,614,761
Intergovernmental	182,542	0	182,542
Charges for Services	39,209	0	39,209
Interest Income	984	7,192	8,176
Donations	22,840	0	22,840
Other Revenues	<u>13,713</u>	<u>463,190</u>	<u>476,903</u>
TOTAL REVENUES	<u>2,082,058</u>	<u>470,382</u>	<u>2,552,440</u>
EXPENDITURES:			
General Government	512,225	0	512,225
Public Safety:			
Police Department	369,363	0	369,363
Fire Department	15,879	0	15,879
Highways and Streets	352,564	0	352,564
Recreational	129,683	0	129,683
Industrial Development	9,673	0	9,673
Cemetery	0	111,343	111,343
Capital Outlay	110,711	4,200	114,911
Debt Services:			
Principal	60,157	226,695	286,852
Interest	<u>4,899</u>	<u>68,992</u>	<u>73,891</u>
TOTAL EXPENDITURES	<u>1,565,154</u>	<u>411,230</u>	<u>1,976,384</u>
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURE	<u>516,904</u>	<u>59,152</u>	<u>576,056</u>
OTHER FINANCING SOURCES/(USES):			
Loan Proceeds	0	0	0
Operating Transfers In or (Out)	<u>40,764</u>	<u>(40,764)</u>	<u>0</u>
Net Other Financing Sources/(Uses):	<u>40,764</u>	<u>(40,764)</u>	<u>0</u>
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES/(USES)	557,668	18,388	576,056
FUND BALANCE AT BEGINNING OF YEAR	<u>470,708</u>	<u>491,284</u>	<u>961,992</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,028,376</u>	<u>\$ 509,672</u>	<u>\$ 1,538,048</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MORGANTOWN, KENTUCKY
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - GOVERNMENTAL FUND-CONTINUED
 YEAR ENDED JUNE 30, 2016

**Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds to the
 Statements of Activities**

Amounts reported for *Governmental Activities* in the Statement
 of Activities are different because:

Net Changes in Fund Balances-Total Governmental Funds \$ 576,056

Governmental Funds report capital outlays as expenditures. However, in the
 Statement of Activities, the cost of those assets are allocated over their
 estimated useful lives and reported as depreciation expense. This is the
 amount by which depreciation of \$189,196 exceeded capital outlays of
 \$114,911 in the current period. (74,285)

Governmental Funds report capital lease as revenue when received,
 however in the Statement of Activities capital lease are reported on
 the accrued basis of accounting. This is the amount of change in
 capital lease receivable recognized in the Statement of Activities. (15,660)

Pension expense is reported in the Governmental Fund when paid as
 contribution to the retirement system, however in the Statement of
 Activities pension expense is the City's proportionate share of the
 State Pension expense as adjusted by current year changes to
 deferred outflows and inflows of resources. (20,671)

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. Repayment of debt principal is an expenditure
 in the governmental funds, but the repayment reduces long-term debt in the
 Statement of Net Position. This is the amount by which debt repayments
 of \$286,858 exceeded debt proceeds of \$0. 286,858

Change in Net Position of Governmental Activities \$ 752,298

The notes to the financial statements are an integral part of this statement.

CITY OF MORGANTOWN, KENTUCKY
MORGANTOWN UTILITY COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Water-Sewer System</u>	<u>Gas System</u>	<u>Total</u>
CURRENT ASSETS			
Petty Cash and Cash on Hand	\$ 110	\$ 110	\$ 220
Cash in Bank	50,855	94,552	145,407
Certificates of Deposit	57,014	221,682	278,696
Accounts Receivable	68,079	32,396	100,475
Other Receivables	43	0	43
Accrued Income Unbilled	33,423	9,851	43,274
Prepaid Insurance	16,115	16,115	32,230
Materials and Supplies	24,041	20,509	44,550
TOTAL CURRENT ASSETS	<u>249,680</u>	<u>395,215</u>	<u>644,895</u>
RESTRICTED FUNDS			
Bond Interest and Redemption Fund			
Depreciation Fund	11,075	64,783	75,858
Debt Reserve Fund	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL RESTRICTED ASSETS	<u>11,075</u>	<u>64,783</u>	<u>75,858</u>
FIXED PROPERTY			
Property, Plant & Equipment	6,004,872	2,500,199	8,505,071
Accumulated Depreciation	<u>(3,572,610)</u>	<u>(1,843,339)</u>	<u>(5,415,949)</u>
TOTAL NET FIXED ASSETS	<u>2,432,262</u>	<u>656,860</u>	<u>3,089,122</u>
TOTAL ASSETS	<u>2,693,017</u>	<u>1,116,858</u>	<u>3,809,875</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Contributions-Current Year	<u>105,709</u>	<u>94,208</u>	<u>199,917</u>
CURRENT LIABILITIES			
Accounts Payable	32,175	14,955	47,130
Taxes Payable	3,169	2,756	5,925
Other Payables	3,730	3,090	6,820
Accrued Wages	17,518	19,209	36,727
Accrued Compensated Absences	9,647	14,137	23,784
Lease Purchase Obligations	8,272	8,272	16,544
Current Portion of Note Payable	3,883	3,883	7,766
Customer Meter Deposits	32,409	73,825	106,234
TOTAL CURRENT LIABILITIES	<u>110,803</u>	<u>140,127</u>	<u>250,930</u>
NON CURRENT LIABILITIES			
Obligation Under Capital Lease	70,864	70,864	141,728
Net Pension Liability	<u>341,448</u>	<u>303,527</u>	<u>644,975</u>
TOTAL NON CURRENT LIABILITIES	<u>412,312</u>	<u>374,391</u>	<u>786,703</u>
TOTAL LIABILITIES	<u>523,115</u>	<u>514,518</u>	<u>1,037,633</u>
NET POSITION			
Investment in Capital Assets, Net of related debt	2,349,243	573,841	2,923,084
Restricted for Debt Service	0	0	0
Restricted for Capital Improvements	11,075	64,783	75,858
Unrestricted	<u>(84,707)</u>	<u>57,924</u>	<u>(26,783)</u>
NET POSITION	<u>\$ 2,275,611</u>	<u>\$ 696,548</u>	<u>\$ 2,972,159</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MORGANTOWN, KENTUCKY
MORGANTOWN UTILITY COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	Water-Sewer System	Gas System	Total
OPERATING REVENUES			
Metered Sales of Water, Sewer & Gas	\$ 783,111	\$ 897,113	\$ 1,680,224
Installation Fees	4,900	123	5,023
Tap Fees, Service Charges, Misc.	8,270	4,835	13,105
Penalties	<u>9,515</u>	<u>7,067</u>	<u>16,582</u>
TOTAL OPERATING REVENUES	<u>805,796</u>	<u>909,138</u>	<u>1,714,934</u>
OPERATING EXPENSES			
Salaries	294,797	262,328	557,125
Gas Purchases	0	303,909	303,909
Materials and Supplies	24,921	41,748	66,669
Purifying Agents	30,972	0	30,972
Office Supplies	9,433	8,783	18,216
Gas & Oil	5,825	5,825	11,650
Equipment Maintenance	2,059	1,166	3,225
Telephone	7,658	4,712	12,370
Power Purchased	4,762	5,302	10,064
Utilities	4,414	0	4,414
Insurance	29,406	29,406	58,812
Commissioner's Fees	9,264	9,264	18,528
Rent Expense	5,051	5,051	10,102
Payroll Tax Expense	22,921	23,704	46,625
Kentucky Retirement	14,000	11,470	25,470
Pension Expense	87,875	78,388	166,263
Contract Labor	898	3,958	4,856
Professional Fees	10,015	8,873	18,888
Depreciation Expense	119,599	60,297	179,896
Bad Debts	4,395	1,202	5,597
Employee Benefits	93,926	93,926	187,852
Miscellaneous	4,006	4,716	8,722
Training School Expense	3,821	6,202	10,023
Dues	2,765	1,340	4,105
General Repairs	6,496	7,071	13,567
Sewer Lift Station Expense	33,702	0	33,702
Sewer Plant Expense	32,849	0	32,849
Water Plant Expense	64,889	0	64,889
Engineering Fees	<u>0</u>	<u>9,000</u>	<u>9,000</u>
TOTAL OPERATING EXPENSES	<u>930,719</u>	<u>987,641</u>	<u>1,918,360</u>
NET INCOME (LOSS) FROM OPERATIONS	<u>(124,923)</u>	<u>(78,503)</u>	<u>(203,426)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Income	253	1,014	1,267
Gain On Sale of Fixed Assets	0	0	0
Interest Expense	<u>(623)</u>	<u>(623)</u>	<u>(1,246)</u>
TOTAL NON OPERATING REVENUE (EXPENSES)	<u>(370)</u>	<u>391</u>	<u>21</u>
NET INCOME	<u>(125,293)</u>	<u>(78,112)</u>	<u>(203,405)</u>
NET POSITION, JULY 1, 2015	2,326,789	848,775	3,175,564
PRIOR PERIOD ADJUSTMENT	<u>74,115</u>	<u>(74,115)</u>	<u>0</u>
NET POSITION-JULY 1, 2015 (RESTATED)	<u>2,400,904</u>	<u>774,660</u>	<u>3,175,564</u>
NET POSITION JUNE 30, 2016	<u>\$ 2,275,611</u>	<u>\$ 696,548</u>	<u>\$ 2,972,159</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MORGANTOWN, KENTUCKY
MORGANTOWN UTILITY COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Water Sewer System</u>	<u>Gas System</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers	\$ 804,492	\$ 907,101	\$1,711,593
Cash payments to suppliers for goods and services	(242,887)	(401,313)	(644,200)
Cash payments to employees for services	<u>(522,328)</u>	<u>(478,481)</u>	<u>(1,000,809)</u>
Net cash provided (used) by operating activities	<u>39,277</u>	<u>27,307</u>	<u>66,584</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Interest paid on debt	(1,018)	(1,018)	(2,036)
Principal paid on debt	(8,883)	(8,883)	(17,766)
Down Payment on Building Purchases	(75,675)	(75,675)	(151,350)
Additions to capital assets	(136,847)	(99,089)	(235,936)
Proceeds from Sale of Capital Assets	<u>74,115</u>	<u>(74,115)</u>	<u>0</u>
Net cash provided by (used) in capital and related financing activities	<u>(148,308)</u>	<u>(258,780)</u>	<u>(407,088)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment Income	253	1,014	1,267
Increase in restricted funds	<u>116,957</u>	<u>(195)</u>	<u>116,762</u>
Net cash provided by (used) in investing activities	<u>117,210</u>	<u>819</u>	<u>118,029</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	8,179	(230,654)	(222,475)
Cash and cash equivalents, beginning of year	<u>99,800</u>	<u>546,998</u>	<u>646,798</u>
Cash and cash equivalents, end of year	\$ <u>107,979</u>	\$ <u>316,344</u>	\$ <u>424,323</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:			
Operating income	\$ (124,923)	\$ (78,503)	\$ (203,426)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation Expense	119,599	60,297	179,896
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(1,288)	(1,861)	(3,149)
(Increase) decrease other receivables	(17)	(176)	(193)
(Increase) decrease in accrued unbilled income	394	394	788
(Increase) decrease in prepaid insurance	(11,297)	(2,917)	(14,844)
(Increase) decrease in materials & supplies	0	26,182	26,182
(Increase) decrease due from Midwestern gas	4,027	(22,113)	(18,086)
Increase (decrease) in accounts payable	3,169	2,756	5,925
Increase (decrease) in other payables	(137)	197	60
Increase (decrease) in accrued wages	3,322	(56)	3,266
Increase (decrease) in accrued compensated absences	(3,777)	(543)	(4,320)
Increase (decrease) in customer meter deposits	486	(1,270)	(784)
Increase (decrease) in deferred inflow	<u>50,349</u>	<u>44,920</u>	<u>95,269</u>
Net cash provided (uses) by operating activities	\$ <u>39,277</u>	\$ <u>27,307</u>	\$ <u>66,584</u>
SUPPLEMENTAL CASH FLOW INFORMATION:			

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