

CITY OF MULDRAUGH
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2015

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William A. Talley
Jon D. Chesser
Bob E. Wientjes

INDEPENDENT AUDITORS' REPORT

Kentucky Offices:
Louisville
Brandenburg
Bardstown

Mayor and Members of the City Council
City of Muldraugh
Muldraugh, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Muldraugh, Kentucky, as of and for the year ended June 30, 2015, and related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the City's June 30, 2014 statements and, in our report dated November 7, 2014, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

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 an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, each major fund, and the aggregate remaining fund information of the City of Muldraugh, Kentucky, as of June 30, 2015, and changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 budgetary comparison information and pension schedules on pages 36 through 42 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.

The City of Muldraugh has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Muldraugh, Kentucky's basic financial statements. The

combining and individual nonmajor fund financial statements, budgetary comparison for Proprietary and Nonmajor Governmental Funds, and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison for Proprietary and Nonmajor Governmental Funds, and schedules listed in the table of contents are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 15, 2015 on our consideration of the City of Muldraugh's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Muldraugh, Kentucky's internal control over financial reporting and compliance.



Louisville, Kentucky
November 15, 2015

**CITY OF MULDRAUGH
STATEMENT OF NET POSITION
JUNE 30, 2015**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
<u>ASSETS</u>			
Current assets:			
Cash	\$ 21,165	\$ 15,218	\$ 36,383
Receivables:			
Occupational taxes	17,084	-0-	17,084
Property taxes	1,282	-0-	1,282
KLEFPF	912	-0-	912
Insurance premium tax	20,882	-0-	20,882
Water	-0-	21,889	21,889
Sewer	-0-	35,565	35,565
Garbage	-0-	17,337	17,337
Infiltrate	-0-	4,586	4,586
Reserve deposit	7,650	-0-	7,650
Internal balances	1,046	(1,046)	-0-
Restricted cash	65,766	76,889	142,655
Capital assets:			
Depreciable buildings, property, and equipment (net)	1,609,050	3,120,654	4,729,704
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension - City contributions subsequent to the measurement date	59,454	-0-	59,454
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 1,804,291	\$ 3,291,092	\$ 5,095,383
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 2,452	\$ 23,495	\$ 25,947
Accrued expenses	5,818	1,573	7,391
Deferred revenue	-0-	3,903	3,903
Accrued wages	2,092	1,211	3,303
Deposits	-0-	37,849	37,849
Compensated absences	3,308	6,722	10,030
Bonds/Note payables due within one year	34,524	26,052	60,576
Total Current Liabilities	48,194	100,805	148,999
Noncurrent Liabilities			
Net pension liability	458,000	-0-	458,000
Bonds/Note payables due in more than one year	432,821	114,660	547,481
Total Noncurrent Liabilities	890,821	114,660	1,005,481
TOTAL LIABILITIES	939,015	215,465	1,154,480
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension - difference between projected and actual investment earnings	51,000	-0-	51,000
TOTAL LIABILITIES AND DEFERRED INFLOWS	990,015	215,465	1,205,480
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	1,141,705	2,979,942	4,121,647
Restricted for specific purpose	67,666	-0-	67,666
Unrestricted	(395,095)	95,685	(299,410)
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 814,276	\$ 3,075,627	\$ 3,889,903

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

**CITY OF MULDRAUGH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
PRIMARY GOVERNMENT:							
General government	\$ 446,204	\$ 85,985	\$ 19,912	\$ -0-	\$ (340,307)	\$ -0-	\$ (340,307)
Police	54,386	21,844	18,343	-0-	(14,199)	-0-	(14,199)
Parks/recreation	1,437	-0-	-0-	-0-	(1,437)	-0-	(1,437)
Fire department	19,620	11,177	23,500	-0-	15,057	-0-	15,057
Roads and sidewalks	3,241	-0-	-0-	22,586	19,345	-0-	19,345
Interest on long-term debt	16,775	-0-	-0-	-0-	(16,775)	-0-	(16,775)
Total Government Activities	541,663	119,006	61,755	22,586	(338,316)	-0-	(338,316)
BUSINESS-TYPE ACTIVITIES:							
Water and sewer	665,054	583,228	-0-	-0-	-0-	(81,826)	(81,826)
Total Business-Type Activities	665,054	583,228	-0-	-0-	-0-	(81,826)	(81,826)
TOTAL PRIMARY GOVERNMENT	\$ 1,206,717	\$ 702,234	\$ 61,755	\$ 22,586	(338,316)	(81,826)	(420,142)
GENERAL REVENUES:							
Taxes:							
Property					54,733	-0-	54,733
Net profits					12,657	-0-	12,657
Insurance tax					116,126	-0-	116,126
Interest					58	1,249	1,307
Franchise fees					36,605	-0-	36,605
Lease income - cellular					20,148	-0-	20,148
Sanitation					66,300	-0-	66,300
Others					1,983	-0-	1,983
Proceeds from sale of equipment					2,424	-0-	2,424
Miscellaneous					19,350	36,589	55,939
Transfers					14,002	(14,002)	-0-
Total general revenues, special items and transfers					344,386	23,836	368,222
Change in net assets					6,070	(57,990)	(51,920)
Net position - beginning previously stated					1,280,206	3,133,617	4,413,823
Restatement due to adoption of GASB 68 and 71					(472,000)	-0-	(472,000)
Net position - beginning, as restated					808,206	3,133,617	3,941,823
Net position - ending					<u>\$ 814,276</u>	<u>\$ 3,075,627</u>	<u>\$ 3,889,903</u>

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

**CITY OF MULDRAUGH
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

ASSETS	GOVERNMENTAL FUND TYPES		TOTALS	
	GENERAL	NONMAJOR GOVERNMENTAL	2015	2014
		FUNDS		
Cash	\$ 10,818	\$ 10,347	\$ 21,165	\$ 13,816
Restricted Cash and Cash Equivalents:				
Cash and cash equivalents	-0-	65,766	65,766	60,183
Receivables:				
Occupational taxes	17,084	-0-	17,084	8,606
Property taxes	1,282	-0-	1,282	1,657
KLEFPF	912	-0-	912	1,229
Insurance premium tax	20,882	-0-	20,882	17,428
FEMA receivable	-0-	-0-	-0-	-0-
Construction in process	-0-	-0-	-0-	-0-
Reserve deposit	-0-	7,650	7,650	-0-
Due from other funds	6,796	-0-	6,796	23,721
TOTAL ASSETS	\$ 57,774	\$ 83,763	\$ 141,537	\$ 126,640
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,452	\$ -0-	\$ 2,452	\$ 7,881
Accrued expenses	5,818	-0-	5,818	5,913
Accrued wages	2,092	-0-	2,092	2,685
Due to other funds	-0-	5,750	5,750	5,750
Total Liabilities	10,362	5,750	16,112	22,229
Fund Balance:				
Restricted for specific purpose	-0-	67,666	67,666	62,083
Unassigned	47,412	10,347	57,759	42,328
Total Fund Equity	47,412	78,013	125,425	104,411
TOTAL LIABILITIES AND FUND BALANCE	\$ 57,774	\$ 83,763	\$ 141,537	\$ 126,640

Total governmental fund equity (from above) \$ 125,425

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets/bond fees used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital Assets	1,609,050	1,609,050
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Deferred outflows of resources are expensed in the current period, and therefore are not reported in the governmental funds. 59,454

Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.

Compensated Absences	3,308	
Bond Payable - Safe Room	245,783	
Note Payable - Building	151,544	
Note Payable - Vehicle	61,369	
Note Payable - Vehicle	8,649	
Net Pension Liability	458,000	
Deferred Inflows	51,000	(979,653)

Net position of governmental activities (See Pages 7 & 8) \$ 814,276

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

CITY OF MULDRAUGH
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

	GOVERNMENTAL		TOTALS	
	FUND TYPES			
	GENERAL FUND	NONMAJOR GOVERNMENTAL FUNDS	2015	2014
TOTAL REVENUES	\$ 500,101	\$ 31,206	\$ 531,307	\$ 502,130
TOTAL EXPENDITURES	552,413	42,897	595,310	2,807,533
Excess of Revenues Over (Under) Expenditures	(52,312)	(11,691)	(64,003)	(2,305,403)
Other Financing Sources (Uses):				
Proceeds from equipment	6,851	-0-	6,851	3,000
Loan proceeds	64,164	-0-	64,164	453,819
Total Other Financing Sources (Uses)	71,015	-0-	71,015	456,819
Income before operating transfers	18,703	(11,691)	7,012	(1,848,584)
Operating transfers in	12,002	24,042	36,044	20,307
Operating transfers out	(16,042)	(6,000)	(22,042)	(8,500)
Total Other Financing Sources And Uses	(4,040)	18,042	14,002	11,807
Net Change In Fund Balances	14,663	6,351	21,014	(1,836,777)
Beginning Fund Balance	32,749	71,662	104,411	1,941,188
Ending Fund Balance	<u>\$ 47,412</u>	<u>\$ 78,013</u>	<u>\$ 125,425</u>	<u>\$ 104,411</u>

Net change in fund balances-total governmental funds (from above) \$ 21,014

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

Governmental funds report capital outlays/bond cost 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. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.

Capital Outlay	\$ 69,635	
Depreciation Expense	(69,998)	
Difference		(363)

In the Statement of Activities, only the loss on the disposal of assets is reported. Thus, the change in net assets differs from the change in fund balance by the basis of the assets disposed. (4,427)

Loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Principal payments is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Loan Proceeds	(64,164)	
Principal Payments	31,119	
		(33,045)

Pension income (expense) related to long-term net pension liabilities that is not included in the governmental funds. 22,454

Compensated absences not payable from current year resources are not reported as expenditures of the current year. In the Statement of Activities, these costs represent expenses of the current year. 437

Change in net position of governmental activities (See Page 8) \$ 6,070

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

CITY OF MULDRAUGH
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

	GOVERNMENTAL		TOTALS	
	FUND TYPES			
	GENERAL FUND	NONMAJOR GOVERNMENTAL FUNDS	2015	2014
REVENUES:				
Property taxes	\$ 49,106	\$ -0-	\$ 49,106	\$ 46,496
Business licenses	24,000	-0-	24,000	28,638
Unloading licenses	1,250	-0-	1,250	1,250
Interest income	23	35	58	49
Occupational licenses	60,735	-0-	60,735	34,007
Police department revenue	21,844	-0-	21,844	33,442
Fire department revenue	11,177	-0-	11,177	5,698
Lease income - cellular	20,148	-0-	20,148	18,039
Franchise fees - utilities	31,802	-0-	31,802	31,820
Franchise fees - telecommunications	4,803	-0-	4,803	4,803
Sanitation	66,300	-0-	66,300	77,998
Storm Water Fees	-0-	-0-	-0-	12,066
Building and sign permits	400	-0-	400	280
Insurance tax	116,126	-0-	116,126	102,608
Auto licenses	5,627	-0-	5,627	6,243
Net and gross profits	12,657	-0-	12,657	12,833
Donations and miscellaneous	10,765	8,585	19,350	11,400
Other revenue	1,583	-0-	1,583	1,590
INTERGOVERNMENTAL REVENUES:				
Coal and mineral grants	12,399	-0-	12,399	8,108
State highway grants	-0-	22,586	22,586	23,650
Police grants	4,056	-0-	4,056	10,325
House Bill 413	7,513	-0-	7,513	8,045
State police grants - KLEFPF	14,287	-0-	14,287	14,742
County fire grants	8,000	-0-	8,000	8,000
State fire grants	15,500	-0-	15,500	-0-
TOTAL REVENUES	\$ 500,101	\$ 31,206	\$ 531,307	\$ 502,130

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

CITY OF MULDRAUGH
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

	GOVERNMENTAL		TOTALS	
	FUND TYPES			
	GENERAL FUND	NONMAJOR GOVERNMENTAL FUNDS	2015	2014
EXPENDITURES:				
Current:				
General Government				
Salaries	\$ 226,057	\$ -0-	\$ 226,057	\$ 225,946
Payroll taxes	7,256	-0-	7,256	14,611
Health insurance	7,031	-0-	7,031	19,199
Retirement	37,477	-0-	37,477	38,663
Utilities	33,187	-0-	33,187	37,923
Insurance	43,213	5,979	49,192	25,600
Telephone	4,496	-0-	4,496	4,832
Professional fees	5,679	-0-	5,679	3,591
Advertising and legal	1,376	-0-	1,376	2,522
Repairs and maintenance	-0-	5,311	5,311	1,035
Park expense	-0-	-0-	-0-	31
Fuel	-0-	-0-	-0-	1,279
Mayor and city council expense	1,153	-0-	1,153	-0-
Festival expense	-0-	3,975	3,975	2,824
Supplies	2,747	1,849	4,596	3,136
Towing expense	7,204	-0-	7,204	10,521
Miscellaneous	20,122	8,157	28,279	30,630
Bond fees	-0-	-0-	-0-	23,300
Debt Service				
Principal	22,577	8,542	31,119	989,502
Interest	7,691	9,084	16,775	28,131
Public Safety				
Police department	37,716	-0-	37,716	51,533
Fire department	17,796	-0-	17,796	23,298
Total Current Expenditures				
	482,778	42,897	525,675	1,538,107
Capital Outlay				
	69,635	-0-	69,635	1,269,426
TOTAL EXPENDITURES				
	<u>\$ 552,413</u>	<u>\$ 42,897</u>	<u>\$ 595,310</u>	<u>\$ 2,807,533</u>

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

CITY OF MULDRAUGH
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

	BUSINESS-TYPE ACTIVITIES-- ENTERPRISE FUNDS								TOTALS 2015	TOTALS 2014
	OPERATIONS AND MAINTENANCE FUND	REVENUE FUND	DEPRECIATION FUND	METER DEPOSIT FUND	SURCHARGE FUND	WATER/SEWER CONSTRUCTION FUND	BOND & INTEREST SINKING FUND	SEWER INFILTRATION FUND		
ASSETS										
Current Assets:										
Cash	\$ 1,932	\$ 1,326	\$ -0-	\$ -0-	\$ 9,909	\$ -0-	\$ -0-	\$ 2,051	\$ 15,218	\$ 22,145
Restricted cash	-0-	-0-	12,966	41,624	-0-	1,000	21,299	-0-	76,889	96,313
Certificate of Deposits, Restricted	-0-	-0-	-0-	-0-	-0-	-0-	0	-0-	-0-	38,557
Receivable:										
Water	-0-	21,889	-0-	-0-	-0-	-0-	-0-	-0-	21,889	18,934
Garbage	-0-	17,337	-0-	-0-	-0-	-0-	-0-	-0-	17,337	15,251
Sewer	-0-	35,565	-0-	-0-	-0-	-0-	-0-	-0-	35,565	31,189
Infiltrate	-0-	4,586	-0-	-0-	-0-	-0-	-0-	-0-	4,586	3,560
Due from other funds	5,750	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5,750	5,750
Total current assets	7,682	80,703	12,966	41,624	9,909	1,000	21,299	2,051	177,234	231,699
Noncurrent Assets:										
Construction in process	-0-	-0-	-0-	-0-	-0-	0	-0-	-0-	-0-	1,899,795
Trucks	9,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	9,000	9,000
Improvements other than buildings	4,219,668	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,219,668	2,288,216
Machinery and equipment	186,980	-0-	-0-	-0-	-0-	-0-	-0-	-0-	186,980	186,980
Accumulated depreciation	(1,294,994)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(1,294,994)	(1,170,573)
Total noncurrent assets	3,120,654	-0-	-0-	-0-	-0-	0	-0-	-0-	3,120,654	3,213,418
TOTAL ASSETS	\$ 3,128,336	\$ 80,703	\$ 12,966	\$ 41,624	\$ 9,909	\$ 1,000	\$ 21,299	\$ 2,051	\$ 3,297,888	\$ 3,445,117
LIABILITIES										
Current Liabilities:										
Accounts payable	\$ 23,495	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 23,495	\$ 32,435
Accrued liabilities	2,784	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,784	2,414
Deferred revenue	-0-	3,903	-0-	-0-	-0-	-0-	-0-	-0-	3,903	3,903
Accrued vacation and sick leave	6,722	-0-	-0-	-0-	-0-	-0-	-0-	-0-	6,722	7,187
Deposits	-0-	-0-	-0-	37,849	-0-	-0-	-0-	-0-	37,849	37,882
Due to other funds	6,796	-0-	-0-	-0-	-0-	-0-	-0-	-0-	6,796	16,071
Total current liabilities	39,797	3,903	-0-	37,849	-0-	-0-	-0-	-0-	81,549	99,892
Noncurrent Liabilities:										
Notes payable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5,957
Notes payable - BRAC	72,439	-0-	-0-	-0-	-0-	-0-	-0-	-0-	72,439	90,651
Bonds payable - RECD	68,273	-0-	-0-	-0-	-0-	-0-	-0-	-0-	68,273	115,000
Total noncurrent liabilities	140,712	-0-	-0-	-0-	-0-	-0-	-0-	-0-	140,712	211,608
Total Liabilities	180,509	3,903	-0-	37,849	-0-	-0-	-0-	-0-	222,261	311,500
NET POSITION										
Invested in capital assets, net of related debt	2,979,942	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,979,942	1,102,015
Unrestricted	(32,115)	76,800	12,966	3,775	9,909	1,000	21,299	2,051	95,685	2,031,602
TOTAL NET POSITION	\$ 2,947,827	\$ 76,800	\$ 12,966	\$ 3,775	\$ 9,909	\$ 1,000	\$ 21,299	\$ 2,051	\$ 3,075,627	\$ 3,133,617

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

CITY OF MULdraUGH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

	BUSINESS-TYPE ACTIVITIES-- ENTERPRISE FUNDS									
	OPERATIONS AND MAINTENANCE FUND	REVENUE FUND	DEPRECIATION FUND	METER DEPOSIT FUND	SURCHARGE FUND	WATER-SEWER CONSTRUCTION FUND	BOND & INTEREST SINKING FUND	SEWER INFILTRATION FUND	TOTALS 2015	TOTALS 2014
Operating Revenues:										
Water Service	\$ -0-	\$ 175,039	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 175,039	\$ 175,422
Sewer Service	-0-	215,552	-0-	-0-	-0-	-0-	-0-	-0-	215,552	212,719
Garbage Service	-0-	135,094	-0-	-0-	-0-	-0-	-0-	-0-	135,094	133,645
Sewer Surcharge	-0-	31,544	-0-	-0-	-0-	-0-	-0-	-0-	31,544	34,435
Infiltration Income	-0-	25,999	-0-	-0-	-0-	-0-	-0-	-0-	25,999	25,724
Miscellaneous	-0-	36,589	-0-	-0-	-0-	-0-	-0-	-0-	36,589	14,486
Total Operating Revenues	-0-	619,817	-0-	-0-	-0-	-0-	-0-	-0-	619,817	596,431
Operating Expenses:										
Salaries	114,841	-0-	-0-	-0-	-0-	-0-	-0-	-0-	114,841	112,555
FICA Taxes	7,656	-0-	-0-	-0-	-0-	-0-	-0-	-0-	7,656	7,860
Group Insurance	17,454	-0-	-0-	-0-	-0-	-0-	-0-	-0-	17,454	15,511
Retirement	20,335	-0-	-0-	-0-	-0-	-0-	-0-	-0-	20,335	21,048
Advertising	390	-0-	-0-	-0-	-0-	-0-	-0-	-0-	390	-0-
Water Maintenance	21,533	-0-	-0-	-0-	-0-	-0-	-0-	-0-	21,533	12,695
Sewer Maintenance	31,415	-0-	-0-	-0-	-0-	-0-	-0-	-0-	31,415	6,419
Office Expense	3,819	-0-	-0-	-0-	-0-	-0-	-0-	33	3,852	1,173
Utilities	19,223	-0-	-0-	-0-	-0-	-0-	-0-	-0-	19,223	20,377
Insurance	10,996	-0-	-0-	-0-	-0-	-0-	-0-	-0-	10,996	11,340
Telephone/Pager	2,094	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,094	3,029
Utility Tax	16,665	-0-	-0-	-0-	-0-	-0-	-0-	-0-	16,665	13,985
Uniforms	350	-0-	-0-	-0-	-0-	-0-	-0-	-0-	350	733
Repairs and Replacement	9,389	-0-	-0-	-0-	-0-	-0-	-0-	-0-	9,389	12,863
Professional Fees	3,251	-0-	-0-	-0-	-0-	-0-	-0-	-0-	3,251	3,673
Depreciation	124,421	-0-	-0-	-0-	-0-	-0-	-0-	-0-	124,421	106,146
Miscellaneous	5,599	335	-0-	5,232	-0-	-0-	-0-	-0-	11,166	19,026
Gas and Fuel Expense	11,090	-0-	-0-	-0-	-0-	-0-	-0-	-0-	11,090	9,083
Sanitation	128,278	-0-	-0-	-0-	-0-	-0-	-0-	-0-	128,278	139,521
Water Purchased	100,690	-0-	-0-	-0-	-0-	-0-	-0-	-0-	100,690	93,123
Total Operating Expenses	649,489	335	-0-	5,232	-0-	-0-	-0-	33	655,089	610,160
Operating Income (Loss)	(649,489)	619,482	-0-	(5,232)	-0-	-0-	-0-	(33)	(35,272)	(13,729)
Non-Operating Revenues (Expenses):										
Kentucky State Grant	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	332,114
Interest Income	17	22	12	-0-	9	-0-	1,189	-0-	1,249	2,291
Interest Expense	(9,965)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(9,965)	(8,546)
Total Non-operating Revenue (Expenses)	(9,948)	22	12	-0-	9	-0-	1,189	-0-	(8,716)	325,859
Income (Loss) Before Contributions										
And Transfers	(659,437)	619,504	12	(5,232)	9	-0-	1,189	(33)	(43,988)	312,130
Operating Transfers In	2,562,274	-0-	1,560	4,100	31,568	6,557	18,000	25,609	2,649,668	744,252
Operating Transfers Out	(14,003)	(609,837)	-0-	-0-	(28,827)	(1,931,452)	(52,477)	(27,074)	(2,663,670)	(756,059)
Change in Net Position	1,888,834	9,667	1,572	(1,132)	2,750	(1,924,895)	(33,288)	(1,498)	(57,990)	300,323
Total Net Position - Beginning	1,058,993	67,133	11,394	4,907	7,159	1,925,895	54,587	3,549	3,133,617	2,833,294
Total Net Position - Ending	\$ 2,947,827	\$ 76,800	\$ 12,966	\$ 3,775	\$ 9,909	\$ 1,000	\$ 21,299	\$ 2,051	\$ 3,075,627	\$ 3,133,617

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

CITY OF MULGRAUGH
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

BUSINESS-TYPE ACTIVITIES--
ENTERPRISE FUNDS

	OPERATIONS AND MAINTENANCE FUND	REVENUE FUND	DEPRECIATION FUND	METER DEPOSIT FUND	SURCHARGE FUND	WATER/SEWER CONSTRUCTION FUND	BOND & INTEREST SINKING FUND	SEWER INFILTRATION FUND	2015	2014
Cash flows from operating activities:										
Cash received from customers	\$ -0-	\$ 609,374	\$ -0-	\$ (33)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 609,341	\$ 598,733
Cash payments to suppliers for goods and services	(419,262)	(335)	-0-	(5,232)	-0-	-0-	-0-	(33)	(424,862)	(385,749)
Cash payments to employees for services	(124,116)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(124,116)	(129,994)
Net cash provided (used) by operating activities	(543,378)	609,039	-0-	(5,265)	-0-	-0-	-0-	(33)	60,363	82,990
Cash flows from non-capital financing activities:										
Operating transfers - in from other funds	2,562,274	-0-	1,560	4,100	31,568	6,557	18,000	25,609	2,649,668	744,252
Operating transfers - out to other funds	(14,003)	(609,837)	-0-	-0-	(28,827)	(1,931,452)	(52,477)	(27,074)	(2,663,670)	(756,059)
Net cash provided (used) by noncapital financing activities	2,548,271	(609,837)	1,560	4,100	2,741	(1,924,895)	(34,477)	(1,465)	(14,002)	(11,807)
Cash flows from capital and related financing activities:										
Acquisition and construction of capital assets	(1,931,452)	-0-	-0-	-0-	-0-	1,899,795	-0-	-0-	(31,657)	(422,724)
Loan proceeds	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	98,000
Principal paid on notes	(70,896)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(70,896)	(28,174)
State grant proceeds	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	332,114
Interest paid on notes	(9,965)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(9,965)	(8,546)
Net cash provided (used) by capital and related financing activities	(2,012,313)	-0-	-0-	-0-	-0-	1,899,795	-0-	-0-	(112,518)	(29,330)
Cash flows from investing activities:										
Interest and Dividends on Investments	17	22	12	-0-	9	-0-	1,189	-0-	1,249	2,291
Net cash provided by investing activities	17	22	12	-0-	9	-0-	1,189	-0-	1,249	2,291
Net increase (decrease) in cash and cash equivalents	(7,403)	(776)	1,372	(1,165)	2,750	(25,100)	(33,288)	(1,498)	(64,908)	44,144
Cash and cash equivalents at beginning of year	9,335	2,102	11,394	42,789	7,159	26,100	54,587	3,549	157,015	112,871
Cash and cash equivalents at end of year	\$ 1,932	\$ 1,326	\$ 12,966	\$ 41,624	\$ 9,909	\$ 1,000	\$ 21,299	\$ 2,051	\$ 92,107	\$ 157,015
Reconciliation of net operating income to net cash provided by operating activities:										
Net operating income (loss)	\$ (649,489)	\$ 619,482	\$ -0-	\$ (5,232)	\$ -0-	\$ -0-	\$ -0-	\$ (33)	\$ (35,272)	
Adjustments to reconcile net operating income to net cash provided by operating activities:										
Depreciation	124,421	-0-	-0-	-0-	-0-	-0-	-0-	-0-	124,421	
Changes in assets/liabilities:										
Accounts receivable	-0-	(10,443)	-0-	-0-	-0-	-0-	-0-	-0-	(10,443)	
Accounts payable	(8,940)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(8,940)	
Accrued expenses	370	-0-	-0-	-0-	-0-	-0-	-0-	-0-	370	
Accrued vacation	(465)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(465)	
Due to other funds	(9,275)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(9,275)	
Deposits	-0-	-0-	-0-	(33)	-0-	-0-	-0-	-0-	(33)	
Net cash provided (used) by operating activities	\$ (543,378)	\$ 609,039	\$ -0-	\$ (5,265)	\$ -0-	\$ -0-	\$ -0-	\$ (33)	\$ 60,363	

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

**CITY OF MULDRAUGH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE A - ORGANIZATION AND ACCOUNTING POLICIES

Muldraugh, Kentucky is a fifth class city located in Meade County, Kentucky. It operates under a councilmanic form of government and derives significantly all of its revenue from water and sewer receipts, property taxes, business license and franchise taxes, garbage collections and insurance taxes.

The financial statements of the City of Muldraugh are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America. 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 those pronouncements conflict with GASB pronouncements. FASB guidance issued subsequent to this date is not followed.

1. Reporting Entity

The City's financial statements include the operations of all organizations for which the City Council exercises oversight. Responsibility is demonstrated by financial interdependence, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

2. Basis of Presentation – Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and statement of activities. These statements report financial information for the City as a whole excluding fiduciary funds and component units that are fiduciary in nature. Interfund activity, which duplicates revenues or expenses, has been eliminated from these statements, except for those transactions and balances between governmental and business-type activities. The focus of the government-wide financial statements is on the primary government. Governmental activities are normally supported by taxes and intergovernmental revenue.

**CITY OF MULDRAUGH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE A - ORGANIZATION AND ACCOUNTING POLICIES (CONTINUED)

The statement of activities outlines the direct expenses of each of the City's major functions and the program revenues generated by those programs. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The City allocates certain indirect costs to be included in the program expense reported for individual functions and activities in the government-wide statement of activities.

The accounts of the City are organized into funds, each of which is considered to be a separate accounting entity. Major individual governmental funds are reported in separate columns with composite columns for non-major funds and business-type activities. The major fund categories are:

Governmental Fund Types:

The following are the City's governmental fund types.

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

- b.) Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to specified purposes. These funds make up the non-major funds in the government-wide financial statements.

Proprietary Funds:

Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance. The Enterprise Funds are the only proprietary fund of the City.

Enterprise Funds - Enterprise funds are used to account for operations (a) that are financed primarily through users charges, or (b) where the governing body has decided that determination of net income is appropriate.

CITY OF MULDRAUGH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

NOTE A - ORGANIZATION AND ACCOUNTING POLICIES (CONTINUED)

3. Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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 are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recorded when they become measurable and available to pay liabilities of the current period. Property taxes and insurance license fees are recognized as revenues in the year for which taxes have been levied provided they are collected within 60 days after the year end. Permits, fines and forfeitures, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned. Revenues not considered available are recorded as deferred revenues. Expenditures are generally recorded when the liability is incurred.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

4. Reconciliation of Government-Wide and Fund Financial Statements

The government fund balance sheet includes reconciliation between fund balances in governmental funds and net assets reported in the government-wide statements. These adjustments reflect the changes necessary to report the governmental fund balances on the economic resources measurement focus and accrual basis of accounting. In addition, capital assets, and long-term debt are added to the governmental funds to compile the long-term view of the governmental activities column.

A similar reconciliation is included on the statement of revenues, expenditures and changes in fund balance for the governmental funds. These adjustments reflect the

**CITY OF MULDRAUGH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE A - ORGANIZATION AND ACCOUNTING POLICIES (CONTINUED)

transition from the modified accrual accounting for governmental funds to the accrual basis of accounting for the statement of activities. Capital outlay is replaced with depreciation expenses.

5. Valuation of Receivables

Receivables are stated at face value with no allowance for doubtful accounts. Accounts receivable are periodically evaluated for collectability based on past history. Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise fees, insurance licenses fees and intergovernmental revenues.

6. Prior Period Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

7. Obligation for Compensated Absences

The City allows all employees occupying permanent positions annual vacation and sick leave at their current salary rate. Accrued vacation and sick leave is limited to 120 hours and 480 hours respectively at any time. Any employee who terminates employment with the City shall have used all accrued vacation leave time prior to the date of official termination. However, employees who terminate employment with the City shall not be compensated for unused sick leave credit. Vacation leave is accrued at the rate of 1/12th of the annual rate per month of employment. Accumulated unpaid vacation is as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
GENERAL FUND		
Vacation pay	\$ 3,308	\$ 3,745
WATER AND SEWER FUNDS		
Vacation pay	\$ 6,722	\$ 7,187

**CITY OF MULDRAUGH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE A - ORGANIZATION AND ACCOUNTING POLICIES (CONTINUED)

8. Net Assets

Net Assets represent the difference between assets and liabilities. Net assets 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 the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted resources are used first to fund appropriations.

The City first applied restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

9. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

10. Operating and Non-Operating Revenues and Expenses – Proprietary Funds

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. Operating expenses for the enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE B - BUDGETARY PROCEDURES AND BUDGETARY ACCOUNTING

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

**CITY OF MULDRAUGH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE B - BUDGETARY PROCEDURES AND BUDGETARY ACCOUNTING
(CONTINUED)**

1. The City clerk/administrator is responsible for preparing the proposed operating budgets prior to each fiscal year commencing on July 1. The proposed operating budgets are submitted to the City Council for approval. The budgets are legally enacted through passage of an ordinance.
2. Budgeted amounts are as originally adopted, or as amended by the City Council. The budget for the City of Muldraugh was amended by vote of the City Council.

Actual expenditures and operating transfers out may not legally exceed "budget" appropriations at the individual fund level. Budgetary control, however, is maintained at the departmental level. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended. The City prepares its budget on a basis of accounting that conforms to generally accepted accounting principles. Proprietary fund budgets are adopted on the modified accrual basis of accounting.

NOTE C – RISK MANAGEMENT

The City is exposed to various risks and losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City contracts with the Employers Mutual Casualty Company, a local government risk pool for insurance coverage for these risks. As a member of Employers Mutual Casualty Company, the City is required to make annual contributions sufficient to produce the funds necessary to fund the administrative expenses and the claims and claims expense, and any deficiencies in the cumulative reserves.

NOTE D - CASH AND CERTIFICATES OF DEPOSITS

The City of Muldraugh maintains numerous accounts at various depository banks. All of the bank balances were covered by the \$250,000 federal depository insurance or pledged U.S. government securities for those accounts with balances over \$250,000. The City of Muldraugh considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. Effective January 1, 1996, the General Assembly enacted KRS 66.480 which limits investments of public funds generally to obligations of the U.S. and certain of its agency and instrumentality, certificates of deposits or other interest-bearing accounts of FDIC insured banks or savings and loan institutions.

**CITY OF MULDRAUGH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE E – REVENUE BONDS PAYABLE

As of June 30, 2015 there is one revenue bond outstanding amounting to \$68,273. Rural Economic and Community Development (formerly Farmers Home Administration) holds the bond with an interest rate of 5%, with maturities through the year 2024. As of June 30, 2015, “net revenues” as defined in bond ordinance exceeded 150% of average outstanding debt service of the water and sewer system.

NOTE F - RESTRICTED ASSETS

Certain proprietary funds are restricted for construction funded through long-term debt and Federal and State grant revenues. Reserved net assets include the excess of assets over certain liabilities restricted for the debt service on revenue bonds and which does not include assets restricted for construction. Governmental funds report restricted assets for cash deposited in bank accounts legally restricted for specific purpose such as the payments on long-term debt, construction projects, and street and sidewalk expenditures.

Restricted assets at June 30, 2015 are as follows:

	<u>Cash in Bank</u>
Depreciation reserve	\$ 12,966
Road aid reserve	29,596
Land development reserve	34,274
Meter deposit reserve	41,624
Safe room reserve	1,896
Construction reserve	1,000
Bond and interest reserve	21,299
Total	\$ 142,655

NOTE G - PROPERTY TAXES

Property taxes are assessed on January 1 of each year. Tax bills are distributed in the fall of the same year and become payable upon receipt. Property taxes unpaid at May 1 of the following year are subject to a lien filed against their property. The 2014 tax rate was 15.3 cents per \$100 valuation for motor vehicles, 35.99 cents per \$100 valuation for personal property taxes, 18.3 cents per \$100 valuation for real estate taxes and 2.5 cents per \$100 valuation for bank deposits tax.

CITY OF MULDRAUGH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

NOTE H – FUND BALANCES

The City of Muldraugh has implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In the fund financial statements, governmental funds and nonmajor special revenue funds report the following classifications of fund balance:

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or legally or contractually required to be maintained intact. The City has not reported any amounts that are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balances are reported pursuant to ordinances passed by the City Council, the City's highest level of decision making authority.
- Assigned – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balances.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. In the Special Revenue Fund, the unassigned classification is only used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

NOTE I – FIXED ASSETS

The City's capital assets 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 other capital assets. According to GASB No. 34, since revenues are less than \$10 million, the City of Muldraugh is only required to report infrastructure acquired after July 1, 2003. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

CITY OF MULDRAUGH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

NOTE I – FIXED ASSETS (CONTINUED)

A summary of changes in general fixed assets follows:

PRIMARY GOVERNMENT

	Balance			Balance
	July 1, 2014	Additions	Deductions	June 30, 2015
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 76,164	\$ -0-	\$ -0-	\$ 76,164
Total non-depreciable assets	76,164	-0-	-0-	76,164
Depreciable assets:				
Park Equipment	33,260	-0-	-0-	33,260
Buildings	1,405,632	-0-	-0-	1,405,632
City Hall	114,231	-0-	-0-	114,231
Trucks	37,017	-0-	-0-	37,017
Police Cars & Fire				
Trucks	266,072	69,635	30,286	305,421
Fire Station	40,400	-0-	-0-	40,400
Police and Fire Dept.				
Equipment	94,962	-0-	-0-	94,962
Maintenance Equipment	95,069	-0-	-0-	95,069
Office Equipment	23,343	-0-	-0-	23,343
Total depreciable assets	2,109,986	69,635	30,286	2,149,335
Total capital assets	\$ 2,186,150	\$ 69,635	30,286	\$ 2,225,499
Accumulated depreciation:				
Park Equipment	\$ (24,100)	\$ (1,437)	\$ -0-	\$ (25,537)
Buildings	(22,940)	(31,796)	-0-	(54,736)
City Hall	(40,934)	(10,489)	-0-	(51,423)
Trucks	(33,485)	(1,550)	-0-	(35,035)
Police Cars & Fire				
Trucks	(232,085)	(14,482)	(25,859)	(272,426)
Fire Station	(30,042)	(1,036)	-0-	(31,078)
Police and Fire Dept.				
Equipment	(85,061)	(2,977)	-0-	(88,038)
Maintenance Equipment	(85,338)	(3,550)	-0-	(88,888)
Office Equipment	(18,325)	(2,681)	-0-	(21,006)
Total accumulated depreciation	(572,310)	(69,998)	(25,859)	(668,167)
Governmental activities capital assets, net	\$ 1,613,840	\$ (363)	4,427	\$ 1,609,050

**CITY OF MULDRAUGH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE I – FIXED ASSETS (CONTINUED)

A summary of changes in proprietary fund type fixed assets follows:

	Balance			Balance
	July 1, 2014	Additions	Deductions	June 30, 2015
Business-type Activities:				
Depreciable assets:				
Water Lines	\$ 971,387	\$ -0-	\$ -0-	\$ 971,387
Sewer Lines	1,316,829	1,931,452	-0-	3,248,281
Machinery and Equipment	130,729	-0-	-0-	130,729
Office Equipment	56,250	-0-	-0-	56,250
Trucks	9,000	-0-	-0-	9,000
Total depreciable assets	2,484,195	1,931,452	-0-	4,415,647
Total capital assets	\$ 2,484,195	\$ 1,931,452	\$ -0-	\$ 4,415,647
Accumulated depreciation:				
Water Lines	\$ (461,042)	\$ (50,748)	\$ -0-	\$ (511,790)
Sewer Lines	(530,499)	(65,201)	-0-	(595,700)
Machinery and Equipment	(120,774)	(5,471)	-0-	(126,245)
Office Equipment	(49,257)	(3,001)	-0-	(52,258)
Trucks	(9,000)	-0-	-0-	(9,000)
Total accumulated depreciation	(1,170,572)	(124,421)	-0-	(1,294,993)
Business-type capital assets, net	\$ 1,313,623	\$ 1,807,031	\$ -0-	\$ 3,120,654

Depreciation expense is charged to functions as follows:

Governmental Activities		Business-type Activities	
General Government	\$ 50,065	Water and Sewer	\$ 124,421
Police	16,670		
Parks/Recreation	1,437		<u>\$ 124,421</u>
Fire Department	1,826		
	<u>\$ 69,998</u>		

**CITY OF MULDRAUGH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2015**

NOTE J – LONG-TERM LIABILITIES

A summary of Long-Term liability activity for the year ended June 30, 2015 as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
PRIMARY GOVERNMENT					
Governmental Activities:					
Bond Payable - Safe Room	\$ 254,325	\$ -0-	\$ 8,542	245,783	10,000
Note Payable - Vehicle	3,586	-0-	3,586	-0-	-0-
Note Payable - Vehicle	19,029	-0-	10,380	8,649	6,201
Note Payable - Building	157,202	-0-	5,658	151,544	6,118
Note Payable - Vehicle	-0-	64,164	2,795	61,369	12,205
Compensated Absences	3,745	-0-	437	3,308	-0-
	<u>\$ 437,887</u>	<u>\$ 64,164</u>	<u>\$ 31,398</u>	<u>\$ 470,653</u>	<u>\$ 34,524</u>
Business-type Activities					
Note Payable - Water Meter	\$ 5,957	\$ -0-	\$ 5,957	\$ -0-	\$ -0-
Note Payable - Brac Loan	90,651	-0-	18,212	72,439	19,052
1986 Series "A" Bond	115,000	-0-	46,727	68,273	7,000
Compensated Absences	7,187	-0-	465	6,722	-0-
	<u>\$ 218,795</u>	<u>\$ -0-</u>	<u>\$ 71,361</u>	<u>\$ 147,434</u>	<u>\$ 26,052</u>
	<u>\$ 656,682</u>	<u>\$ 64,164</u>	<u>\$ 102,759</u>	<u>\$ 618,087</u>	<u>\$ 60,576</u>

NOTE K - DEBT MATURITIES

Debt Maturities are as follows:

Fiscal Year Ending June 30	1986 Series A Bond	BRAC Loan	Total Business-type Debt	Governmental Debt
2016	\$ 7,000	\$ 19,052	\$ 26,052	\$ 34,524
2017	8,000	19,931	27,931	31,372
2018	8,000	20,851	28,851	29,544
2019	8,000	12,605	20,605	30,186
2020	9,000	-0-	9,000	27,550
	<u>40,000</u>	<u>72,439</u>	<u>112,439</u>	<u>153,176</u>
Beyond 2020	28,273	-0-	28,273	314,169
	<u>\$ 68,273</u>	<u>\$ 72,439</u>	<u>\$ 140,712</u>	<u>\$ 467,345</u>

**CITY OF MULDRAUGH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2015**

NOTE K - DEBT MATURITIES (CONTINUED)

General Fund Long-Term Debt:

The General Fund indebtedness includes a note payable for a vehicle entered in August of 2012 from the Meade County Bank for the amount of \$28,818 payable in 60 installments at \$539 per month including interest at 4.61%. The balance of the note payable at June 30, 2015 was \$8,649.

The General Fund indebtedness includes a note payable for a building entered in December of 2012 from the Meade County Bank for the amount of \$165,599 payable in 240 installments at \$1,000 per month including interest at 3.96%. The balance of the note payable at June 30, 2015 was \$151,544.

The General Fund indebtedness includes a bond payable for a safe room project entered in May of 2014 from the Kentucky Bond Corporation for the amount of \$255,000 payable in 248 installments. The balance of the bond payable at June 30, 2015 was \$245,783.

The General Fund indebtedness includes a note payable for two vehicles entered in April of 2015 from the Meade County Bank for the amount of \$64,164 payable in 60 installments at \$1,150 per month including interest at 2.81%. The balance of the note payable at June 30, 2015 was \$61,369.

Operations and Maintenance Long-Term Debt:

The Operations and Maintenance Fund indebtedness includes a note payable for Water and Sewer entered in February of 2014 from the Meade County Bank for the amount of \$98,000 payable in 60 installments at \$1,828 per month including interest at 4.52%. The balance of the note payable at June 30, 2015 was \$72,439.

NOTE L – SUBSEQUENT EVENT POLICY

City of Muldraugh has evaluated subsequent events through November 15, 2015, the date which the financial statements were available to be issued.

**CITY OF MULDRAUGH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2015**

NOTE M – TRANSACTION CLASSES/AMOUNTS

Due To/From Balances

Due to/from balances used to cover current operating expenses were as follows as of June 30, 2015:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 6,796	\$ -0-
Municipal Road Aid	-0-	5,750
Operations & Maintenance	5,750	6,796
Totals	<u>\$ 12,546</u>	<u>\$ 12,546</u>

Interfund Transactions and Balances

Interfund transfers during the year ended June 30, 2015, were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 12,002	\$ 16,042
Municipal Road Aid	-0-	6,000
Land Development	8,000	-0-
Operations & Maintenance	2,562,274	14,003
Revenue	-0-	609,837
Depreciation	1,560	-0-
Meter Deposit	4,100	-0-
Safe Room	16,042	-0-
Surcharge	31,568	28,827
Water/Sewer Construction	6,557	1,931,452
Sewer Infiltration	25,609	27,074
Bond & Interest	18,000	52,477
Totals	<u>\$ 2,685,712</u>	<u>\$ 2,685,712</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**CITY OF MULDRAUGH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2015**

NOTE N – DEPOSITS AND INVESTMENTS

Custodial credit risk is the risk that in the event of a depository institution failure, the City's deposits may not be returned. The City does have a deposit policy for custodial credit risk and follows the requirements of KRS 41.240(4). On June 30, 2015, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

NOTE O – RETIREMENT PLAN

General Information about the Pension Plan

Plan description. Employees of the City are provided a defined benefit pension plan through the County Employees Retirement System ("CERS"), a cost sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System ("KRS"). The KRS was created by state statute under Kentucky Revised Statute Section 61.645. The KRS Board of Trustees is responsible for the proper operation and administration of the KRS. The KRS issues a publically available financial report that can be obtained by writing to Kentucky Retirement System, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (502) 564-4646.

Benefits provided. Kentucky Revised Statute Section 61.645 establishes the benefit terms and can be amended only by the Kentucky General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 65 with four years of service credit or after 27 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's year of service credit. Reduced benefits for early retirement are available at age 55 and vested or 25 years of service credit. Members vest with five years of service credit. Service related disability benefits are provided after five years of service.

Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 1, 2009, and on July 1 of each year thereafter, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General

**CITY OF MULDRAGH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2015**

NOTE O – RETIREMENT PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Assembly reserves the right to suspend or reduce cost-of-living adjustments if, in its judgment, the welfare of the Commonwealth so demands.

Contributions. Contributions for employees are established in the statutes governing the KRS and may only be changed by the Kentucky General Assembly. Employees contribute 5% of their salary if they were plan members prior to September 1, 2008. For employees that entered the plan after September 1, 2008, they are required to contribute 6% of their annual creditable compensation. Five percent of the contribution was deposited to the member's account while the 1% was deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E). The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015 and June 30, 2014, employers contributed 17.67% and 18.89% as set by KRS, respectively, of each Nonhazardous employee's creditable compensation, and 34.31% and 35.70%, respectively, for each Hazardous employee. For the year ended June 30, 2015 and June 30, 2014, total employer and employee contributions for the City were \$76,716 and \$77,784, respectively. By law, employer contributions are required to be paid. The KRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability

The City's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date (See Note P for a restatement related to the net pension liability.)

**CITY OF MULDRAUGH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2015**

NOTE O – RETIREMENT PLAN (CONTINUED)

Net Pension Liability (Continued)

Actuarial assumptions. The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5%
Salary increases	4.5%, average, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

The rates of mortality for the period after service retirement are according to the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Table for other members. The Group Annuity Mortality Table set forward five years is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2005 through June 30, 2008. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on plan assets is reviewed as part of the regular experience study prepared every five years for KRS. The most recent analysis, performed for the period covering fiscal years 2005 through 2008, is outlined in a report dated August 25, 2009. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense, and inflation) were developed by the investment consultant for each major asset class (See chart below). 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 assumptions are intended to be a long term assumption and is not expected to

**CITY OF MULDRAUGH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2015**

NOTE O – RETIREMENT PLAN (CONTINUED)

Net Pension Liability (Continued)

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.

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

The long-term expected rate of return on pension plan investments was established by the KRS Board of Trustees as 7.75 percent based on a blending of the factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed the employee contributions will be made at the current rate and that contributions from the City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the KRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the City calculated using the discount rate of 7.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a

**CITY OF MULDRAUGH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2015**

NOTE O – RETIREMENT PLAN (CONTINUED)

Net Pension Liability (Continued)

discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net pension liability - nonhazardous	\$ 602,751	\$ 458,000	\$ 330,186
Total	\$ 602,751	\$ 458,000	\$ 330,186

The City's proportionate share of the Plan's net pension liability, as indicated in the prior table, is \$458,000 (Nonhazardous). The City's proportioned share of the CERS plan was 0.014118% for Nonhazardous.

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense. The City's proportioned share of pension expense was \$37,000 for Nonhazardous.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

**CITY OF MULDRAUGH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2015**

NOTE O – RETIREMENT PLAN (CONTINUED)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments		\$ 51,000
Contributions subsequent to the measurement date of June 30, 2014	\$ 59,454	
Total	\$ 59,454	\$ 51,000

Deferred inflows of resources resulting from the differences between projected and actual investment earnings on the Plan investments are amortized over a 5 year period. Deferred outflows of resources resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30, :

2016	\$	49,254
2017		(10,200)
2018		(10,200)
2019		(10,200)
2020		(10,200)
	\$	8,454

In the table shown above, positive amounts will increase pension expense and negative amounts will decrease pension expense.

**CITY OF MULDRAUGH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2015**

NOTE P - RESTATEMENT OF BEGINNING NET POSITION RELATED TO FISCAL YEAR ENDING 06/30/2014

Beginning net position for governmental activities for June 30, 2014 was restated to implement GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27 and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*- an amendment of GASB Statement No. 68 and to record beginning net pension liability and deferred outflows related to the pension.

Net position - June 30, 2014, prior to restatement		\$ 1,280,206
Increase in Net Pension Liability	(518,000)	
Increase in Deferred Outflows	<u>46,000</u>	
Decrease in Net Position		<u>(472,000)</u>
Net position - June 30, 2014 (as restated)		<u><u>\$ 808,206</u></u>

CITY OF MULDRAUGH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
GENERAL FUND - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		OVER (UNDER)
TOTAL REVENUES	\$ 475,070	\$ 472,095	\$ 500,101	\$ 28,006
TOTAL EXPENDITURES	492,983	582,402	552,413	(29,989)
Excess of Revenues Over (Under) Expenditures	(17,913)	(110,307)	(52,312)	57,995
Other Financing Sources (Uses):				
Loan Proceeds	-0-	64,164	64,164	-0-
Proceeds from equipment	15,000	350	6,851	6,501
Total Other Financing Sources (Uses)	15,000	64,514	71,015	6,501
Income before operating transfers	(2,913)	(45,793)	18,703	64,496
Other Financing Sources (Uses):				
Operating transfers in	12,002	12,002	12,002	-0-
Operating transfers out	(16,042)	(16,042)	(16,042)	-0-
Total Other Financing Sources And Uses	(4,040)	(4,040)	(4,040)	-0-
Net Change In Fund Balances	(6,953)	(49,833)	14,663	64,496
Beginning Fund Balance	32,749	32,749	32,749	-0-
Ending Fund Balance	\$ 25,796	\$ (17,084)	\$ 47,412	\$ 64,496

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

CITY OF MULDRAUGH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
GENERAL FUND - BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>OVER</u> <u>(UNDER)</u>
REVENUES:				
Property taxes	\$ 46,400	\$ 49,300	\$ 49,106	\$ (194)
Business licenses	26,843	23,766	24,000	234
Unloading licenses	1,500	1,300	1,250	(50)
Interest income	20	20	23	3
Occupational licenses	32,000	45,140	60,735	15,595
Police department revenue	35,000	18,000	21,844	3,844
Fire department revenue	6,000	11,200	11,177	(23)
Lease income - cellular	18,000	19,400	20,148	748
Franchise fees - utilities	31,800	31,800	31,802	2
Franchise fees - telecommunications	4,800	4,800	4,803	3
Sanitation	73,000	71,950	66,300	(5,650)
Building and sign permits	200	530	400	(130)
Insurance tax	120,000	111,640	116,126	4,486
Auto licenses	5,920	5,800	5,627	(173)
Net profits	14,157	12,534	12,657	123
Donations and miscellaneous	12,000	6,185	10,765	4,580
Other revenue	840	830	1,583	753
INTERGOVERNMENTAL REVENUES:				
Coal and mineral grants	8,100	12,300	12,399	99
House Bill 413	8,000	7,500	7,513	13
Police grants	-0-	-0-	4,056	4,056
State police grants - KLEFPF	14,740	14,600	14,287	(313)
County fire grants	8,000	8,000	8,000	-0-
State fire grants	7,750	15,500	15,500	-0-
Total Revenues	<u>\$ 475,070</u>	<u>\$ 472,095</u>	<u>\$ 500,101</u>	<u>\$ 28,006</u>

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

CITY OF MULDRAUGH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
GENERAL FUND - BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>OVER</u> <u>(UNDER)</u>
EXPENDITURES:				
Current:				
General Government				
Salaries	\$ 205,100	\$ 225,339	\$ 226,057	\$ 718
Payroll taxes	15,690	16,760	7,256	(9,504)
Health insurance	32,250	21,100	7,031	(14,069)
Retirement	35,220	37,400	37,477	77
Utilities	34,000	33,000	33,187	187
Insurance	26,705	31,500	43,213	11,713
Telephone	4,500	4,700	4,496	(204)
Professional fees	4,000	3,250	5,679	2,429
Advertising and legal	6,000	6,000	1,376	(4,624)
Mayor and city council expense	1,000	2,000	1,153	(847)
Towing expense	15,000	10,000	7,204	(2,796)
Supplies	3,000	3,000	2,747	(253)
Miscellaneous	7,250	15,550	20,122	4,572
Debt Service	30,268	30,268	30,268	-0-
Public Safety				
Police department	45,800	44,200	37,716	(6,484)
Fire department	27,200	28,700	17,796	(10,904)
Capital Outlay	-0-	69,635	69,635	-0-
TOTAL EXPENDITURES	<u>\$ 492,983</u>	<u>\$ 582,402</u>	<u>\$ 552,413</u>	<u>\$ (29,989)</u>

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

**CITY OF MULDRAUGH
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 IN COUNTY EMPLOYEES RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30, 2015**

	June 30, 2014 <u>Nonhazardous</u>
City's proportion of the net pension liability	0.014118%
City's proportionate share of the net pension liability	\$ 458,000
City's covered employee payroll	\$ 320,799
City's proportion of the net position liability as a percentage of its covered employee payroll	142.77%
Total Pension Plan Pension Liability	\$ 9,772,523,000
Total Pension Plan's Fiduciary Net Position	\$ 6,528,146,000
Total Pension Plan Net Pension Liability	\$ 3,244,377,000
Total Pension Plan's Fiduciary Net Position as a percentage of Total Pension Liability	66.80%

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

**CITY OF MULDRAUGH
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CITY'S CONTRIBUTIONS TO
 THE COUNTY EMPLOYEES RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30, 2015**

	June 30, 2015
	<u>Nonhazardous</u>
Statutorily required contribution for pension	\$ 59,454
City's contributions in relation to the statutorily required contribution	(59,454)
Annual contribution deficiency (excess)	\$ -0-
City's contributions as a percentage of statutorily required contribution for pension	100.00%
City's covered employee payroll	\$ 336,469
Contributions as a percentage of its covered employee payroll	17.67%

NOTES TO SCHEDULES RELATED TO THE COUNTY EMPLOYEES RETIREMENT SYSTEM OF KRS INFORMATION

Valuation date: Actuarially determined contribution rates for 2015 were calculated based on the June 30, 2014 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level of Percentage of Payroll, closed
Remaining amortization period	29 years
Asset valuation	5-year smoothed market
Inflation	3.5%
Salary increases	4.5%, average, including inflation
Investment Rate of Return	7.75%, net of investment expense, including inflation

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

William A. Talley
Jon D. Chesser
Bob E. Wientjes

**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**

Kentucky Offices:
Louisville
Brandenburg
Bardstown

Mayor and Members of the City Council
Muldraugh, 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, each major fund, and the aggregate remaining fund information of the City of Muldraugh, KY, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Muldraugh, KY's basic financial statements and have issued our report thereon dated November 15, 2015.

Internal Control Over Financial Reporting

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

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. We did identify certain deficiencies in internal control, described below in the bulleted item that we consider to be significant deficiencies.

- Due to the limited number of personnel, the City has not established adequate segregation of duties. Individuals in the accounting department have the ability to initiate transactions, record the transactions, and reconcile the related accounting records.

- Management's response to the mentioned finding was that due to a limited staff and budgetary constraints a proper segregation of duties may be difficult, but that they would take steps to improve the segregation of these duties among personnel as completely as possible.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the City of Muldraugh, Kentucky's financial statements are free of 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*.

City of Muldraugh, Kentucky's Response to Findings

City of Muldraugh's response to the findings identified in our audit is described above. We did not audit the City of Muldraugh's response and, accordingly we express no opinion on it.

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.



Louisville, Kentucky

November 15, 2015

CITY OF MULDRAUGH
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

	SPECIAL REVENUE FUNDS						TOTALS	
	Municipal Road Aid Fund	Land Development Fund	Police Special Account Fund	Storm Water Management Fund	Festival Fund	Safe Room	2015	2014
<u>ASSETS</u>								
Cash	\$ -0-	\$ -0-	\$ 2,441	\$ 5,235	\$ 2,671	\$ -0-	\$ 10,347	\$ 9,579
Restricted cash	29,596	34,274	-0-	-0-	-0-	1,896	65,766	60,183
Reserve deposit	-0-	-0-	-0-	-0-	-0-	7,650	7,650	7,650
TOTAL ASSETS	<u>\$ 29,596</u>	<u>\$ 34,274</u>	<u>\$ 2,441</u>	<u>\$ 5,235</u>	<u>\$ 2,671</u>	<u>\$ 9,546</u>	<u>\$ 83,763</u>	<u>\$ 77,412</u>
<u>LIABILITIES AND FUND EQUITY</u>								
Liabilities:								
Due to other funds	\$ 5,750	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 5,750	\$ 5,750
Total Liabilities	5,750	-0-	-0-	-0-	-0-	-0-	5,750	5,750
Fund Equity								
Fund Balances:								
Restricted for land development	-0-	34,274	-0-	-0-	-0-	-0-	34,274	26,274
Restricted for safe room	-0-	-0-	-0-	-0-	-0-	9,546	9,546	11,235
Restricted for street repairs	23,846	-0-	-0-	-0-	-0-	-0-	23,846	24,574
Unassigned	-0-	-0-	2,441	5,235	2,671	-0-	10,347	9,579
Total Fund Equity	<u>23,846</u>	<u>34,274</u>	<u>2,441</u>	<u>5,235</u>	<u>2,671</u>	<u>9,546</u>	<u>78,013</u>	<u>71,662</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 29,596</u>	<u>\$ 34,274</u>	<u>\$ 2,441</u>	<u>\$ 5,235</u>	<u>\$ 2,671</u>	<u>\$ 9,546</u>	<u>\$ 83,763</u>	<u>\$ 77,412</u>

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

CITY OF MULDRAUGH
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

	SPECIAL REVENUE FUNDS						TOTALS	
	Municipal Road Aid Fund	Land Development Fund	Police Special Account Fund	Storm Water Management Fund	Festival Fund	Safe Room	2015	2014
REVENUES:								
Interest Income	\$ 29	\$ -0-	\$ -0-	\$ 6	\$ -0-	\$ -0-	\$ 35	\$ 29
Donations & Miscellaneous	-0-	-0-	2,018	-0-	6,567	-0-	8,585	3,408
Storm water fees	-0-	-0-	-0-	-0-	-0-	-0-	-0-	12,066
Intergovernmental Revenue:								
State Grant	800	-0-	-0-	-0-	-0-	-0-	800	56
Municipal Road Aid Grants	21,786	-0-	-0-	-0-	-0-	-0-	21,786	23,594
Total Revenues	22,615	-0-	2,018	6	6,567	-0-	31,206	39,153
EXPENDITURES:								
Current:								
Festival expense	-0-	-0-	-0-	-0-	3,975	-0-	3,975	2,824
Repairs and maintenance	3,241	-0-	-0-	2,070	-0-	-0-	5,311	1,035
Insurance	5,979	-0-	-0-	-0-	-0-	-0-	5,979	3,772
Office expense	-0-	-0-	-0-	-0-	-0-	105	105	140
Fuel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,279
Supplies	244	-0-	1,500	-0-	-0-	-0-	1,744	-0-
Miscellaneous	7,879	-0-	2	276	-0-	-0-	8,157	2,801
Bond fees	-0-	-0-	-0-	-0-	-0-	-0-	-0-	23,300
Capital Outlay	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,254,696
Total Expenditures	17,343	-0-	1,502	2,346	3,975	105	25,271	1,289,847
Excess of Revenues Over (Under) Expenditures	5,272	-0-	516	(2,340)	2,592	(105)	5,935	(1,250,694)
Other Financing Sources (Uses)								
Note Payments	-0-	-0-	-0-	-0-	-0-	(8,542)	(8,542)	(973,214)
Note Proceeds	-0-	-0-	-0-	-0-	-0-	-0-	-0-	444,895
Interest Expense	-0-	-0-	-0-	-0-	-0-	(9,084)	(9,084)	(20,528)
Operating Transfers In	-0-	8,000	-0-	-0-	-0-	16,042	24,042	5,500
Operating Transfers Out	(6,000)	0	-0-	-0-	-0-	-0-	(6,000)	(6,000)
Total Other Financing Sources (Uses)	(6,000)	8,000	-0-	-0-	-0-	(1,584)	416	(549,347)
Excess of Revenues and Other Sources Over (Under) Expenditure & Other Uses	(728)	8,000	516	(2,340)	2,592	(1,689)	6,351	(1,800,041)
Fund Balance, Beginning of Year	24,574	26,274	1,925	7,575	79	11,235	71,662	1,871,703
FUND BALANCE, END OF YEAR	\$ 23,846	\$ 34,274	\$ 2,441	\$ 5,235	\$ 2,671	\$ 9,546	\$ 78,013	\$ 71,662

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

CITY OF MULDRAUGH
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
BUSINESS-TYPE ACTIVITIES (PROPRIETARY FUNDS) - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	OPERATIONS AND MAINTENANCE				REVENUE				DEPRECIATION				METER DEPOSIT			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)
	ORIGINAL	FINAL			ORIGINAL	FINAL			ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES:																
Water Service	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 171,069	\$ 173,470	\$ 175,039	\$ 1,569	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Sewer Service	-0-	-0-	-0-	-0-	210,663	213,620	215,552	1,932	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Garbage Service	-0-	-0-	-0-	-0-	132,030	133,883	135,094	1,211	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Sewer Surcharge	-0-	-0-	-0-	-0-	30,829	31,261	31,544	283	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Interest Income	10	10	17	7	20	20	22	2	10	10	12	2	-0-	-0-	-0-	-0-
Infiltration Income	-0-	-0-	-0-	-0-	25,409	25,766	25,999	233	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Miscellaneous	-0-	-0-	-0-	-0-	7,200	33,150	36,589	3,439	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Revenues	10	10	17	7	577,220	611,170	619,839	8,669	10	10	12	2	-0-	-0-	-0-	-0-
EXPENDITURES:																
Current																
Water and Sewer Operations	496,300	532,910	519,469	(13,441)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Miscellaneous expenses	5,095	9,214	5,599	(3,615)	-0-	-0-	335	335	-0-	-0-	-0-	-0-	2,000	2,000	5,232	3,232
Depreciation Expense	-0-	-0-	124,421	124,421	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Interest Expense	9,965	9,965	9,965	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Expenditures	511,360	552,089	659,454	107,365	-0-	-0-	335	335	-0-	-0-	-0-	-0-	2,000	2,000	5,232	3,232
Excess of Revenues Over (Under) Expenditures	(511,350)	(552,079)	(659,437)	(107,358)	577,220	611,170	619,504	8,334	10	10	12	2	(2,000)	(2,000)	(5,232)	(3,232)
Other Financing Sources (Uses)																
Transfers In	537,860	2,493,862	2,562,274	68,412	-0-	-0-	-0-	-0-	1,560	1,560	1,560	-0-	-0-	-0-	4,100	4,100
Transfers Out	14,100	14,100	14,003	(97)	587,220	613,170	609,837	(3,333)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Proceeds on sale of equipment	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Other Financing Sources (Uses)	551,960	2,507,962	2,548,271	68,509	(587,220)	(613,170)	(609,837)	3,333	1,560	1,560	1,560	-0-	-0-	-0-	4,100	4,100
Excess of Revenues and Other Sources Over (Under) Expenditure & Other Uses	40,610	1,955,883	1,888,834	(38,849)	(10,000)	(2,000)	9,667	11,667	1,570	1,570	1,572	2	(2,000)	(2,000)	(1,132)	868
Fund Balance, Beginning of year	1,058,993	1,058,993	1,058,993	-0-	67,133	67,133	67,133	-0-	11,394	11,394	11,394	-0-	4,907	4,907	4,907	-0-
FUND BALANCE, END OF YEAR	\$ 1,099,603	\$ 3,014,876	\$ 2,947,827	\$ (38,849)	\$ 57,133	\$ 65,133	\$ 76,800	\$ 11,667	\$ 12,964	\$ 12,964	\$ 12,966	\$ 2	\$ 2,907	\$ 2,907	\$ 3,775	\$ 868

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

CITY OF MULDRAGH
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
BUSINESS-TYPE ACTIVITIES (PROPRIETARY FUNDS) - BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	SURCHARGE			WATER/SEWER CONSTRUCTION				BOND AND INTEREST				SEWER INFILTRATION FUND				
	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)
	ORIGINAL	FINAL			ORIGINAL	FINAL			ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES:																
Water Service	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Sewer Service	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Garbage Service	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Sewer Surcharge	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Interest Income	10	10	9	(1)	-0-	-0-	-0-	-0-	10	10	1,189	1,179	-0-	-0-	-0-	-0-
Infiltration Income	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Miscellaneous	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Revenues	10	10	9	(1)	-0-	-0-	-0-	-0-	10	10	1,189	1,179	-	-0-	-0-	-0-
EXPENDITURES:																
Current																
Water and Sewer Operations	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Miscellaneous expenses	-0-	96	-0-	(96)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	33	33
Depreciation Expense	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Interest Expense	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Expenditures	-0-	96	-0-	96	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	33	(33)
Excess of Revenues Over (Under) Expenditures	10	(86)	9	95	-0-	-0-	-0-	-0-	10	10	1,189	1,179	-0-	-0-	(33)	33
Other Financing Sources (Uses)																
Transfers In	30,800	30,800	31,568	768	4,500	4,500	6,557	2,057	18,000	18,000	18,000	-0-	25,000	25,000	25,609	609
Transfers Out	36,500	36,500	28,827	(7,673)	-0-	1,931,452	1,931,452	-0-	14,000	14,000	52,477	38,477	26,000	26,000	27,074	1,074
KIA grant	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Kentucky state grant	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Other Financing Sources (Uses)	(5,700)	(5,700)	2,741	8,441	4,500	(1,926,952)	(1,924,895)	2,057	4,000	4,000	(34,477)	(38,477)	(1,000)	(1,000)	(1,465)	(465)
Excess of Revenues and Other Sources Over (Under) Expenditure & Other Uses	(5,690)	(5,786)	2,750	8,536	4,500	(1,926,952)	(1,924,895)	2,057	4,010	4,010	(33,288)	(37,298)	(1,000)	(1,000)	(1,498)	(432)
Fund Balance, Beginning of year	7,159	7,159	7,159	-0-	1,925,895	1,925,895	1,925,895	-0-	54,587	54,587	54,587	-0-	3,549	3,549	3,549	-0-
FUND BALANCE, END OF YEAR	\$ 1,469	\$ 1,373	\$ 9,909	\$ 8,536	\$ 1,930,395	\$ (1,057)	\$ 1,000	\$ 2,057	\$ 58,597	\$ 58,597	\$ 21,299	\$ (37,298)	\$ 2,549	\$ 2,549	\$ 2,051	\$ (432)

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

CITY OF MULDRAUGH
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
NONMAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS) - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	MUNICIPAL ROAD AID				LAND DEVELOPMENT				POLICE SPECIAL ACCOUNT			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)
	ORIGINAL	FINAL			ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES:												
Interest Income	\$ 20	\$ 20	\$ 29	\$ 9	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Donations & Miscellaneous	-0-	300	-0-	(300)	-0-	-0-	-0-	-0-	1,000	2,018	2,018	-0-
Insurance Proceeds	-0-	-0-	-0-	-0-								
Intergovernmental Revenue:												
Department of Local Government	23,000	22,000	21,786	(214)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
State Grant	-0-	-0-	800	800	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Revenues	23,020	22,320	22,615	295	-0-	-0-	-0-	-0-	1,000	2,018	2,018	-0-
EXPENDITURES:												
Current:												
Repairs and Maintenance	6,171	3,162	3,241	79	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Professional Fees	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Insurance	11,384	5,833	5,979	146	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Supplies	465	238	244	6	-0-	-0-	-0-	-0-	1,000	1,502	1,500	(2)
Miscellaneous	15,000	7,687	7,879	192	-0-	-0-	-0-	-0-	-0-	-0-	2	2
Capital Outlay	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Expenditures	33,020	16,920	17,343	423	-0-	-0-	-0-	-0-	1,000	1,502	1,502	-0-
Excess of Revenues Over (Under) Expenditures	(10,000)	5,400	5,272	(128)	-0-	-0-	-0-	-0-	-0-	516	516	-0-
Other Financing Sources (Uses)												
Transfers In	-0-	-0-	-0-	-0-	8,000	8,000	8,000	-0-	-0-	-0-	-0-	-0-
Transfers Out	6,000	6,000	(6,000)	(12,000)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Note payments	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Sale of fixed assets	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Other Financing Sources (Uses)	6,000	6,000	(6,000)	(12,000)	8,000	8,000	8,000	-0-	-0-	-0-	-0-	-0-
Excess of Revenues and Other Sources Over (Under) Expenditure & Other Uses	(4,000)	11,400	(728)	(12,128)	8,000	8,000	8,000	-0-	-0-	516	516	-0-
Fund Balance, Beginning of year	24,574	24,574	24,574	-0-	26,274	26,274	26,274	-0-	1,925	1,925	1,925	-0-
FUND BALANCE, END OF YEAR	\$ 20,574	\$ 35,974	\$ 23,846	\$ (12,128)	\$ 34,274	\$ 34,274	\$ 34,274	\$ -0-	\$ 1,925	\$ 2,441	\$ 2,441	\$ -0-

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

**CITY OF MULDRAUGH
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
 NONMAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS) - BUDGET TO ACTUAL (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2015**

	STORM WATER MANAGEMENT				FESTIVAL				SAFE			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE OVER (UNDER)
	ORIGINAL	FINAL			ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES:												
Interest Income	\$ 10	\$ 4	\$ 6	\$ 2	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Donations & Miscellaneous	15,000	15,000	-0-	(15,000)	3,000	6,567	6,567	(15,000)	1,000	1,000	-0-	(1,000)
Intergovernmental Revenue:												
Department of Local Government	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
FEMA Grant	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Municipal Bonds	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Revenues	15,010	15,004	6	(14,998)	3,000	6,567	6,567	-0-	1,000	1,000	-0-	(1,000)
EXPENDITURES:												
Current:												
Repairs and Maintenance	20,000	20,000	2,070	(17,930)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Insurance	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Supplies	-0-	-0-	-0-	-0-	3,080	3,959	3,975	16	500	500	105	(395)
Miscellaneous	-0-	-0-	276	276	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Professional Fees	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Capital Outlay	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Expenditures	20,000	20,000	2,346	(17,654)	3,080	3,959	3,975	16	500	500	105	(395)
Excess of Revenues Over (Under) Expenditures	(4,990)	(4,996)	(2,340)	2,656	(80)	2,608	2,592	(16)	500	500	(105)	(605)
Other Financing Sources (Uses)												
Transfers In	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	16,530	16,530	16,042	488
Transfers Out	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Note payments	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	20,107	20,107	17,626	(2,481)
Note proceeds	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Other Financing Sources (Uses)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(3,577)	(3,577)	(1,584)	(1,993)
Excess of Revenues and Other Sources Over (Under) Expenditure & Other Uses	(4,990)	(4,996)	(2,340)	2,656	(80)	2,608	2,592	(16)	(3,077)	(3,077)	(1,689)	1,388
Fund Balance, Beginning of year	7,575	7,575	7,575	-0-	79	79	79	-0-	11,235	11,235	11,235	-0-
FUND BALANCE, END OF YEAR	\$ 2,585	\$ 2,579	\$ 5,235	\$ 2,656	\$ (1)	\$ 2,687	\$ 2,671	\$ (16)	\$ 8,158	\$ 8,158	\$ 9,546	\$ 1,388

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

**CITY OF MULDRAUGH
1986 SERIES A REVENUE BOND
RECD BONDS PAYABLE
JUNE 30, 2015**

Total Value of Bond Issue:	\$ 213,000
Year of Issue:	1987
Interest Payable On:	January 1 and July 1
First Coupon Paid On:	January 1, 1989
Interest Rate:	5%

REMAINING PRINCIPAL PAYMENTS ARE AS FOLLOWS:

YEAR			
2016	7,000	2020	9,000
2017	8,000	2021	9,000
2018	8,000	2022	10,000
2019	8,000	2023	<u>9,273</u>
			TOTAL
			<u>\$ 68,273</u>

See Note E.

**CITY OF MULDRAUGH
LIST OF COUNCIL MEMBERS
JUNE 30, 2015**

City of Muldraugh, Kentucky

TELEPHONE NUMBER (502) 942-2824

<u>Position</u>	<u>Name</u>	<u>Address</u>	<u>Term Expires</u>
Mayor	Joseph E. Noon, Sr.	Muldraugh, Kentucky	December 31, 2018
City Clerk/ Treasurer	Caroline J. Cline	Elizabethtown, Kentucky	
Member	Curtis Kelley	Muldraugh, Kentucky	December 31, 2016
Member	Sheila Cowins	Muldraugh, Kentucky	December 31, 2016
Member	Russel Cowins	Muldraugh, Kentucky	December 31, 2016
Member	Corey Dresel	Muldraugh, Kentucky	December 31, 2016
Member	Robert Mattingly	Muldraugh, Kentucky	December 31, 2016
Member	Donnie Basham	Muldraugh, Kentucky	December 31, 2016

William A. Talley
Jon D. Chesser
Bob E. Wientjes

**CITY OF MULDRAUGH
AUDITORS' CERTIFICATION
JUNE 30, 2015**

Kentucky Offices:
Louisville
Brandenburg
Bardstown

We certify that as part of our examination of the general purpose financial statements we examined those local government economic assistance funds granted to the City of Muldraugh, and that those funds were expended for the purpose intended.

Richardson, Pennington & Skinner, PSC

Louisville, Kentucky
November 15, 2015