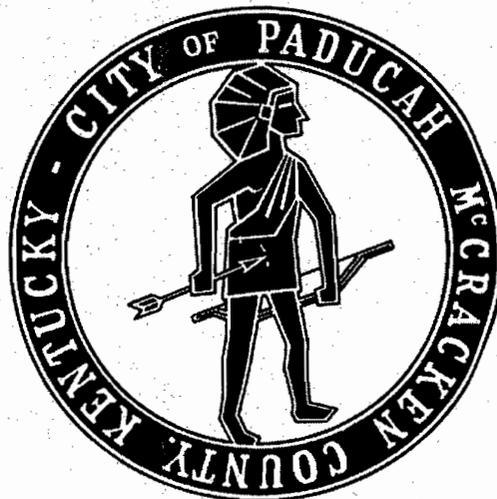


City of Paducah
Paducah, Kentucky
Comprehensive Annual Financial Report
Year Ended June 30, 2001



**Issued by the
Finance Department**

CITY OF PADUCAH, KENTUCKY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2001

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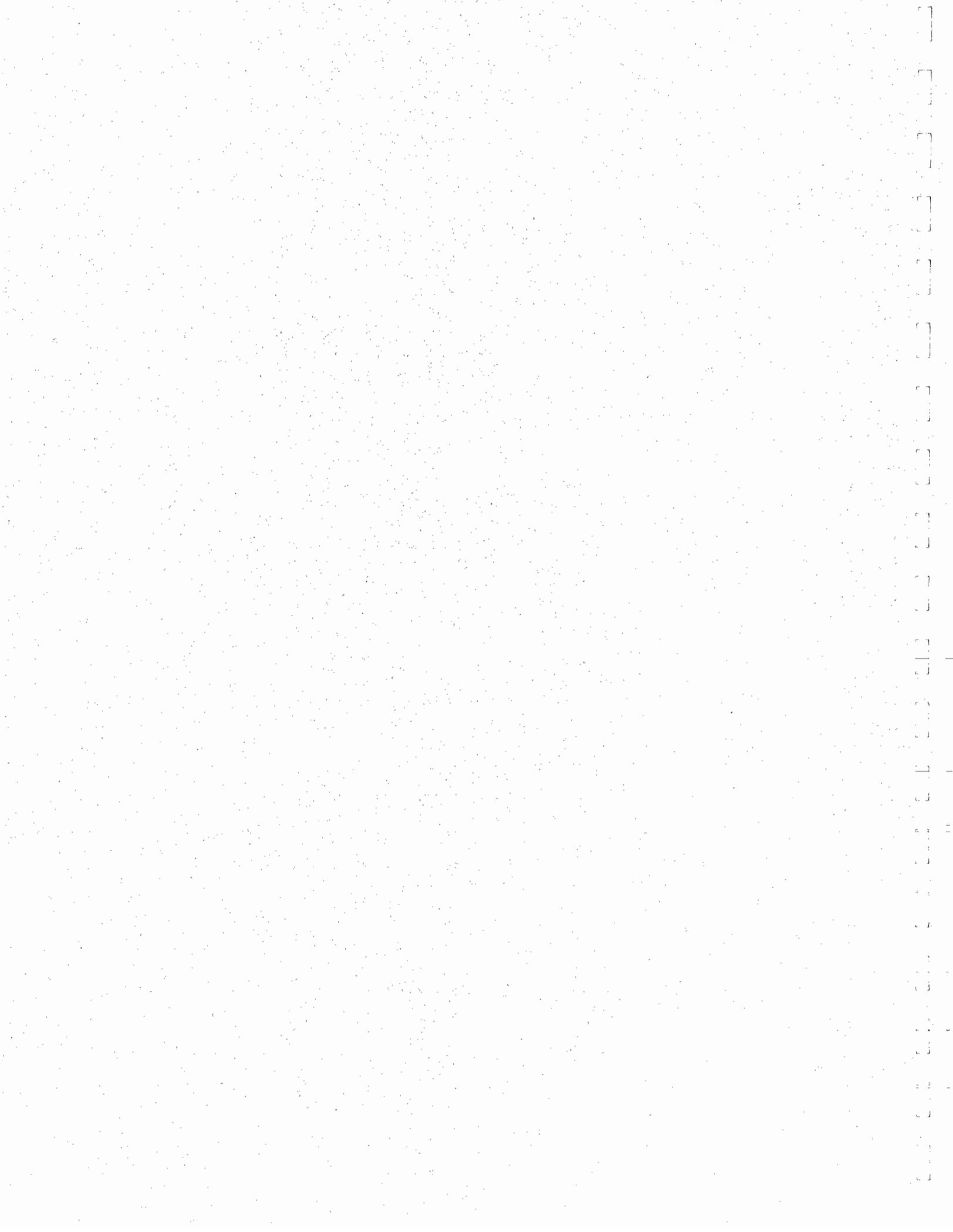
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CITY OF PADUCAH, KENTUCKY

INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2001





CITY OF PADUCAH

Finance Department
P.O. Box 2267
Paducah, KY 42002-2267
270-444-8512

September 12, 2001

Honorable Mayor and Commissioners
City of Paducah
Paducah, Kentucky

We are pleased to submit Paducah's Comprehensive Annual Financial Report for the year ended June 30, 2001. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

The major objective of this report is to describe the City's financial condition and the financial results of its operation in a format designed to be useful to the general public, elected officials, investors and creditors. We believe the data, as presented, is accurate in all material aspects; that it is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups. All disclosures necessary to enable the reader to gain maximum understanding of the City's financial activities have been included.

This Comprehensive Annual Financial Report consists of four sections:

Introductory Section, which contains the table of contents, a list of principal officials, an organizational chart for Paducah and this transmittal letter from the Finance Director;

Financial Section, which includes the general purpose financial statements and provides an overview of Paducah's financial position and operating results, and the opinion of independent certified public accountants regarding our financial statements;

Statistical Section, which includes a number of statistical tables that present various financial, economic, social and demographic data about Paducah for the last ten years;

Single Audit Section, which includes required data in accordance with the Single Audit Act Amendments of 1996.

THE CITY

Paducah was established in 1827 by explorer General William Clark and was named after local legendary Chickasaw Indian Chief "Paduke". The City of Paducah is situated on the southern bank of the Ohio River in the north central portion of McCracken County. Paducah is the largest city both in the county and in the Jackson Purchase eight county region. The City has established itself as the cultural, economic, medical and transportation center for not only the Jackson Purchase region but for a large portion of Southern Illinois and portions of Western Tennessee and Southeastern Missouri.

INDUSTRY

The Paducah area has moved from the traditional "manufacturing industry" to a "service industry" economy. Multi-state computer services, significant bank holding corporations, wholesale and retail trade, river-related services, the health care industry and related services are the major employment centers. Traditional manufacturing employment is heavily concentrated in the categories of chemicals, petroleum, coal and rubber, and enriched uranium.

ECONOMIC DEVELOPMENT ACTIVITIES

The City's efforts in strengthening and building economic development activities is coordinated by the Greater Paducah Economic Development Council (GPEDC). Representatives of financial institutions, utilities, local government, education and the business community serve as the Board of Directors. In existence since 1987, GPEDC assumes and carries out the responsibility of working with existing industry and business, identifying and recruitment of new companies to the City of Paducah. Additionally, GPEDC is responsible for development of long-term strategy for economic development activities and coordinates local entities in the accomplishment of those strategies.

Several years ago, the City of Paducah, the State of Kentucky and several federal agencies, in conjunction with business, developed a 650 acre Information Age Park. This park is designed to appeal to firms needing advanced telecommunications and computing capabilities. The Info Park's focal point is centered around the Resource Center, which was designed to coordinate resources of government, business and education.

In 1997, the City of Paducah jointly with the County of McCracken acquired the "Industrial Park West of Paducah and McCracken County". This park contains 196 acres with immediate access to two major railroad lines, Paducah and Louisville and Illinois Central and Burlington Northern. The park is located within the southwest quadrant of the I-24/Cairo Road interchange.

CHURCHES AND SCHOOLS

A relatively strong religious base is evident in the community, as demonstrated by the many churches in Paducah. Numerous churches representing many of the major denominations are located within the City. Several area churches offer televised activities as a convenience to those who do not attend church.

Elementary and secondary education in Paducah is provided by the Paducah Independent School System, the McCracken County School System, Community Christian Academy, and by the St. Mary's Parochial School System. Higher education is available locally from Paducah Community College, a two year institution affiliated with the University of Kentucky's community college system. Paducah Community College also serves as a site for the University of Kentucky extended campus graduate programs, in addition to a four-year engineering college in conjunction with the University of Kentucky. Business and technical skills training is offered by Western Kentucky Vocational School and Paducah Area Vocational School.

MEDICAL FACILITIES

Paducah serves as the regional medical center for much of the Jackson Purchase Area of Western Kentucky, a large portion of Southern Illinois, and Northwestern Tennessee. Paducah's medical industry has almost every major medical specialty represented in the physician population. The medical industry, represented by Lourdes Hospital and Western Baptist Hospital, provides over 750 beds for medical needs. The two largest hospitals, together, employ approximately 3,000 persons.

RECREATION AND CULTURE

Area citizens have available a wide range of recreational and cultural activities which cater to diverse tastes. Area residents may choose from fishing on nearby Kentucky and Barkley Lakes to enjoying the performing arts. City parks provide areas for baseball, softball, golf, football, tennis, soccer and picnicking. The Parks Services Department offers a substantial number of activities for people of all ages.

The coming of spring in Paducah is highlighted by the Dogwood Festival, held in April. Local residents are encouraged to spotlight their trees to illuminate a driving tour to celebrate an abundance of dogwood trees.

Paducah is the site of the American Quilter's Society's national museum. The museum, dedicated in 1991, is the centerpiece for the quilters' annual convention held in late April. The convention attracts an estimated 30,000 visitors to Paducah each year.

The Paducah Summer Festival, started in 1967, is an annual celebration held during the last week in July. Some of the Festival's activities include riverboat excursions, skydiving, hot air balloon races, a variety of music concerts, and usually concludes with a spectacular riverfront fireworks display.

The Festival of Lights, started in 1992, is another annual event. This festival marks the beginning of the winter holiday season with the official lighting of the trees in downtown Paducah.

One of the latest additions to Paducah's lineup of annual events is the "Barbecue on the River", started in 1995. It attracts in excess of 20,000 participants to Paducah's riverfront in late September. More recently, the "Festival of Murals" was initiated in 1997 as a June annual event. This event includes live concerts and a "Living History" presentation of Paducah's history as depicted in the murals painted on our floodwall.

Paducah has an active symphony and several theater groups. The Paducah Symphony Orchestra stages concerts during the winter season with the Market House Theater presenting several productions during the same time period. The Community Concert Association annually schedules a series of concerts which brings some of the finest artists to the Paducah stage. In addition, Paducah Community College's "Focus" series sponsors a variety of professional productions.

The McCracken County Public Library offers a large selection of literature, special collections and programs. This community resource is supplemented by the Paducah Community College Library. The combined inventories of the two libraries yield nearly 121,000 titles, not counting numerous periodicals and newspapers.

THE GOVERNMENT

Paducah operates under a City Manager form of government. The Paducah Board of Commissioners is made up of a Mayor and four Commissioners elected at large by the citizens on a non-partisan basis. The Mayor is elected for a four-year term and Commissioners, for a two-year term. The Mayor and Commissioners have equal voting powers.

The Board of Commissioners sets the policies that govern the City. It appoints advisory citizens groups that help in the decision-making process. The City Manager is appointed by the Board and assists it in formulating objectives, policies and programs. The City Manager is responsible for the day-to-day operation of the City's 321 full-time employees as of June 30, 2001. Department managers are responsible for their respective departments and report directly to the City Manager.

REPORTING ENTITY AND ITS SERVICES

For financial statement purposes, as required by generally accepted accounting principles, the City's Comprehensive Annual Financial Report includes all City of Paducah financial statements (primary government) and its component units. Component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City of Paducah.

The following component units have been presented as blended units because the units' governing body is substantially the same as the governing body of the City, or provides services almost entirely to the City of Paducah: the Paducah Public Improvement Corporation, whose sole purpose is to finance long-term debt; and Police and Firefighter's Pension Fund, which was established for the benefit of police and firemen of the City.

The following component units have been presented as discrete units to emphasize that they are legally separate from the City. Paducah Water Works, Transit Authority of the City of Paducah, Forest Hills Village, Inc., Paducah Power System and Paducah Junior College were all included in the City's financial statements because of their financial relationship with the City.

The City provides a full range of municipal services, including police and fire protection; maintenance of streets and infrastructure; sanitation services; storm sewer services; cultural events and recreation activities.

ACCOUNTING SYSTEM

The City's accounting system is organized on the basis of separate funds, each of which is considered to be a separate accounting entity. The financial activities of each fund generate a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balances, revenues and expenditures. Municipal resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The City's accounting records for the governmental funds and agency funds are maintained on a modified accrual basis, with revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's proprietary funds and trust funds are maintained on the accrual basis.

INTERNAL CONTROL

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal controls. Internal controls were designed for Paducah's accounting system to reasonably safeguard its assets against loss from unauthorized use or disposition, check the accuracy of accounting data, promote operational efficiency and encourage adherence to prescribed managerial policies.

BUDGETARY CONTROL

Paducah's budget process provides for input from department managers, top management, elected officials and the public to determine what programs and services will be provided for during the upcoming year. Budgetary control is maintained at the departmental level by comparing budgeted expenditures with actual expenditures on a periodic and year to date basis. An expenditure which would result in an overrun of department appropriation cannot be made until additional funds are appropriated and a budget amendment is approved. Purchase orders which result in an overrun of department appropriations cannot be honored until additional appropriations are made available. Open encumbrances at fiscal year end, if any, are reported as reservations of fund balance and are generally held open for 30 days beyond the end of the fiscal year. Unencumbered funds at year end roll into the fund balance.

GENERAL GOVERNMENT FUNCTIONS

REVENUE

Revenue for General Government functions (General Fund) totaled \$23,610,174 in fiscal year 2001, an increase of 2.0% over fiscal year 2000. The amount of revenue from various sources, percent of total, and the increase or decrease from last year in dollars and as a percentage are shown in the following tabulation:

<u>Revenue Sources</u>	<u>FY 2001 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From FY 2000</u>	
			<u>Dollar Amt</u>	<u>Percent</u>
Taxes	\$ 4,736,568	20.07%	\$ 77,366	1.7%
Licenses & Permits	16,705,030	70.75%	734,034	4.6%
Charges for Services	578,482	2.45%	12,337	2.2%
Grants	723,626	3.06%	(243,089)	-25.1%
Interest	358,987	1.52%	(27,777)	-7.2%
Miscellaneous	507,481	2.15%	(96,130)	-15.9%
Total Revenue	\$23,610,174	100.0%	\$ 456,741	2.0%

The most substantial increase in the revenue categories above in actual dollars is in 'Licenses & Permits', which amounted to \$734,034. Payroll tax increased \$151,633, while insurance premium tax collections increased \$447,948 over last year. Payroll tax revenue grew only 1.6 percent over last year due to a slow down in the economy.

Insurance premium tax collections increased 15.1 percent or \$447,948 over last year due in part to a recovery of one-time delinquent accounts. In fiscal year 1992, \$2.28 million was received, and in fiscal year 1999, the revenue hit a high of \$3.36 million, giving an average compounded growth rate of 5.7 percent a year. While the insurance premium tax hit an all time high in 1999, it subsequently hit a 7-year low in 2000. Since 2000 was the current year's base year, the increase in 2001 over last year is somewhat misleading since year 2000 was substantially down from the normal level.

While license revenue dollars grew the most, the 'Grants' category decreased most dramatically as a percentage of change, 25.1 percent or \$243,089. The Grants revenue decrease was caused primarily by the decrease in Police supplemental grants and FEMA funding decreases of \$130,100 and \$62,274, respectively.

Revenues from interest income continue to steadily decline due to drops in interest rates and a declining reserve balance available for investment.

EXPENDITURES

Expenditures for General Fund functions totaled \$19,626,987, an increase of 2.4% over fiscal year 2000. Increases and decreases in levels of expenditures by major functions compared to the preceding year are shown in the following tabulation:

	<u>FY 2001 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From FY 2000</u>	
			<u>Dollar Amt</u>	<u>Percent</u>
General Government	\$ 3,386,330	17.3%	\$ (50,371)	-1.5%
Public Safety	10,530,012	53.7%	166,156	1.6%
Public Service	4,872,587	24.8%	1,268,736	35.2%
Recreation	738,401	3.8%	(923,161)	-55.6%
Other	99,657	0.4%	4,575	4.8%
Total Expenditures	\$19,626,987	100.0%	\$ 465,935	2.4%

Expenditures experienced a net increase of 2.4 percent or \$465,935 between fiscal year 2000 and fiscal year 2001, as compared to the decrease in spending between fiscal year 1999 and fiscal year 2000, of \$551,799 or 2.8 percent. The fiscal year 1990 expenditure per capita was \$447 and changed to \$595 and \$746 in fiscal year 1995 and fiscal year 2001, respectively. Per capita expenditures have increased approximately 4.8 percent annually since fiscal year 1990. The fiscal year 2001 General Fund combined expenditures and transfers out per capita increased \$37 per citizen from the fiscal year 2000 amount of \$849.

The fiscal year 2001 budget process played a significant role in identifying spending trends, and that process should be carried over into fiscal year 2002. The fiscal year 2001 expenditures more accurately reflect all costs associated with the department which benefits from the expenditure. The single largest net change was in 'Public Service' for \$1,268,736. The majority of the change was caused by reorganization in the Public Works Department. The Recreation Department's Grounds and Cemetery Division was merged into the Public Works Landscape Maintenance Division, in order to consolidate all like maintenance functions.

The next largest expenditure change was for 'Recreation' for a \$923,161 decrease from last year. Recreation expenditures decreased, as mentioned earlier, due to operation adjustments. The Planning Department's Information Systems Division was spun off of Planning in fiscal year 2001. The Information Systems Department is now an autonomous department under the management of a director who reports directly to the City Manager.

CASH MANAGEMENT

Idle cash in the City's various funds, except for pension funds, is invested for terms ranging from overnight to 23 months to maturity depending upon liquidity needs. Police and Firefighter Pension Funds are handled by independent money managers. City deposits/investments are protected by FDIC insurance, Federal Home Loan Bank letters of credit, and pledged U.S Government securities. The amount of interest earned in fiscal year 2001 in the General Fund was \$358,987, on rates varying from 3.45% to 6.85%.

RISK MANAGEMENT

In recent years, attention has been focused on safety in the workplace. Working with the Kentucky League of Cities (KLC) has produced numerous enhancements in worker safety. The City has selected various insurance coverages to mitigate potential risk, with premiums costing more than \$765,000 and \$860,000 in fiscal year 2001 and fiscal year 2000, respectively, for general liability, public officials liability, auto, law enforcement and workers compensation.

CAPITAL IMPROVEMENTS

Capital improvements are included in each department budget until improvements are completed. At the end of the fiscal year, completed projects are capitalized in the General Fixed Assets account group. During fiscal year 2001, projects and equipment expenditures totaled nearly \$5.4 million. In the upcoming years, several street, bridge, economic development, and drainage projects will continue and are estimated to cost several million dollars. Capital improvement projects previously addressed in the City Sanitary Sewer Capital Improvement Plan were taken over by the Paducah-McCracken County Joint Sewer Board effective July, 1999.

PENSION FUND MANAGEMENT

The City of Paducah employees are covered by one of three retirement systems: (1) Police and Firefighters' Pension Fund (PFPF); (2) County Employees' Retirement System (CERS); and (3) Appointive Employees' Pension Fund (AEPF).

The PFPF is a contributory defined benefit plan established by ordinance under State Statutes. Members contribute 8% of their gross earnings. The investments of this fund are managed by a six member board of trustees which utilizes AREA Bank as money managers. Monthly reports are received and monthly meetings are held with the money managers to review investment progress and strategy.

In the past year, the PFPF had a net decrease of \$568,625 with net assets valued at \$11,346,120 on June 30, 2001. There were 8 active members and 109 retirees in this fund as of June 30, 2001. The most recent actuarial report prepared for the PFPF was as of July 1, 2001.

The **CERS** is a multiple employer cost sharing defined benefit plan administered by Kentucky Retirement System. Effective August 1, 1988, all but 21 active police and firefighters opted to transfer from the present plan to the County Employees Retirement System.

Non-hazardous duty employees contribute 5% while hazardous duty employees contributed 7% until August 1, 1998. Hazardous duty employees contribute 8% effective August 1, 1998, due to a change in state pension law. The City contributed 7.17% for non-hazardous and 16.78% for hazardous duty employees in fiscal year 2001.

The **AEPF** is a contributory defined benefit plan created by ordinance under State Statute. While there are no active members in the plan, there are 17 retirees receiving benefits from the fund. Beneficiaries are former non-hazardous duty municipal employees who retired prior to the statewide CERS plan. Funding was formerly provided by a special ad valorem tax, with any shortfall to be covered by a transfer from the City's General Fund. The AEPF had a net decrease of \$11,189 in fiscal year 2001, with net assets valued as of June 30, 2001, of \$361,438.

SPECIAL REVENUE FUNDS

Special revenue funds included in this report are the Court Awards Fund, Municipal Aid Program, Emergency Communication Service Fund, and Federal and State Grants. Revenues accounted for in these funds are restricted to specific purposes.

PROPRIETARY FUNDS

The City maintains eight proprietary funds which are: Wastewater/Stormwater, Solid Waste, Fleet Maintenance, Telecommunication Information System Authority (TISA), Civic Center, Fleet Lease Trust, Insurance and Health Insurance Funds.

In fiscal year 1990, the Sanitation Fund and the Wastewater/Stormwater Fund were reclassified from General Government and established as proprietary funds. The City's fleet operation was broken out as a proprietary fund in fiscal year 1992 in order to more accurately reflect the true cost of the City's vehicle and equipment fleet maintenance program. The Civic Center's operation was converted into a proprietary fund in fiscal year 1993. In fiscal year 1999, the City set up two new funds called Fleet Lease Trust and Health Insurance Funds, in order to more accurately monitor the City's fleet lease program and health, dental and flexible benefits program, respectively. All these changes were made to better account for the cost of operations. The Wastewater/Stormwater Fund will phase out in fiscal year 2002, as accounts are settled with the Paducah-McCracken County Sewer Board. This board has taken over the planning, financing, operation and maintenance of all county and city sewer systems.

DEBT SERVICE FUND

This fund is used to account for payment of general obligation indebtedness which includes debt associated with the Paducah Public Improvement Corporation and the Fifth Third Bank lease for fire department equipment. In fiscal year 1992, a \$5.0 general obligations bond was added to the City's debt obligations, but was subsequently paid off entirely in 1997. A few of the more significant projects funded by the proceeds of this bond included the Downtown Riverfront Redevelopment Project (\$1.5 million), Noble Park Pool and recreation facility building renovation (\$1.33 million), Senior Citizen Center renovation (\$416,640) and Annex renovation which houses the Emergency 911 Command Center (\$214,165). Lease/debt payments were fully funded by the General Fund.

In fiscal year 2001, since the Debt Service Fund is funding-dependent upon the General Fund, all excess funds were transferred to the General Fund. This one-time transfer was \$591,720.

In June 2001, a \$9.29 million general obligation bond was added to the City's debt obligation to finance construction of the Four Rivers Center for the Performing Arts and the expansion of the Julian Carroll Convention Center. These bonds are required to be fully paid within 25 years from the date of issue and are backed by the full faith and credit of the City. While these bonds are issued by the City, 50% of the principal amount of the bonds is being issued on behalf of the County of McCracken, Kentucky. McCracken County has issued the City a general obligation note in a principal amount equal to 50% of the principal amount of the bonds.

The total cash outlay requirements for debt service retirement, principal and interest, in fiscal year 2001 were \$166,388. Below is a summary of all general long-term debt of the City of Paducah.

	<u>Balance July 1, 2000</u>	<u>Net Change</u>	<u>Balance June 30, 2001</u>
General Obligation Bonds: Convention & Arts Center	-0-	\$9,290,000	\$ 9,290,000
General Fund accrued compensated absences	\$1,725,478	(434,683)	1,290,795
Capital lease: Fire Equipment	521,966	(140,636)	381,330
Totals	\$2,247,444	\$8,714,681	\$10,962,125

ECONOMIC CONDITIONS AND OUTLOOK

The unemployment rate in McCracken County has been on a steady decline since 1983, when it peaked at 11.5%. The rate reported as of June, 2001, was 3.8%.

The City has experienced growth in several areas in fiscal year 2001. In addition to continued retail growth in the Kentucky Oaks Mall area, the City's southside has also seen continued retail development in the area around the Wal-Mart SuperCenter. The Paducah Information Age Park added the Lynx System as a new business in the park in fiscal year 1999. The downtown area continues to be enhanced with the addition of new retail establishments, further expanding the property tax value base as well as the payroll tax base for the future. Downtown will be further enhanced with the construction of the Four Rivers Performing Center (FRC). The FRC is scheduled to begin construction in 2002 at a cost in excess of \$30 million. The State of Kentucky contributed \$20 million toward the project, with the balance of the cost funded locally by government, tourism tax increases and private donations.

Over recent years, the Paducah Enterprise Zone Program has produced 180 qualified businesses which have pledged expenditures of \$62.4 million in addition to creating 414 targeted jobs.

INDEPENDENT AUDIT

Kentucky Revised Statute 91 A-040 requires an annual audit of each fund of the City by an auditor of public accounts or a certified public accountant. The independent certified public accounting firm of Williams, Williams & Lentz, LLP has conducted this audit and their opinion has been included in this report. The City is subject to the Single Audit Act Amendments of 1996 reporting requirements. The Single Audit Report is included within this report.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting for fiscal year ended June 30, 2000. This was the tenth year for Paducah to receive this prestigious award.

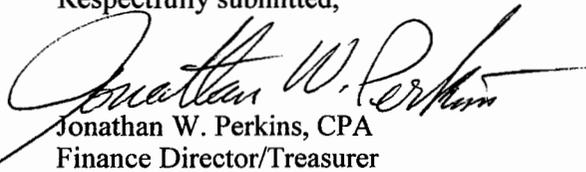
In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, the City published an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. The report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

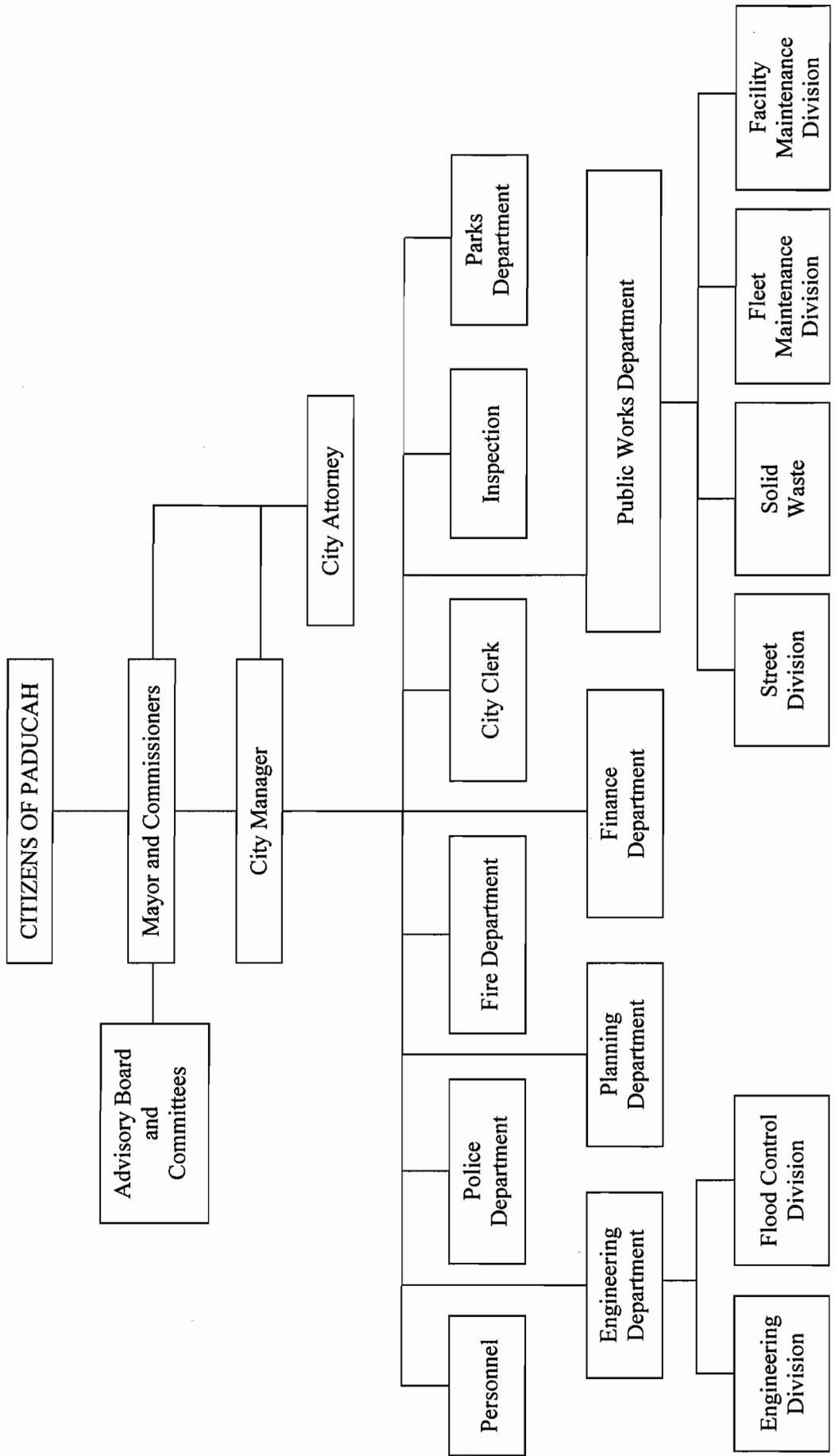
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We wish to express our appreciation to all members of the Finance Department who assisted and contributed to its preparation, and special thanks to Williams, Williams & Lentz, LLP. We also thank the Mayor and City Commission for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Jonathan W. Perkins, CPA
Finance Director/Treasurer

**CITY OF PADUCAH, KENTUCKY
ORGANIZATIONAL CHART**



**CITY OF PADUCAH, KENTUCKY
PRINCIPAL OFFICIALS**

BOARD OF COMMISSIONERS

Mayor	William F. Paxton
Mayor Pro tem	Gerry Montgomery
Commissioner	Robert Coleman
Commissioner	Buz Smith
Commissioner	Richard Abraham

CITY MANAGER

James Zumwalt

Personnel	Dick Berry
Finance	Jonathan Perkins, C.P.A.
Police Chief	Randy Bratton
Fire Chief	Redell Benton
City Engineer	Richard Murphy
Planning	Thomas Barnett
Parks Services	Mark Thompson
Inspections	Joel Scarbrough
Public Works	Bob Freudenthal
Information Services	Greg Mueller
City Clerk	Lenita Smith

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Paducah,
Kentucky

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Timothy Drew
President

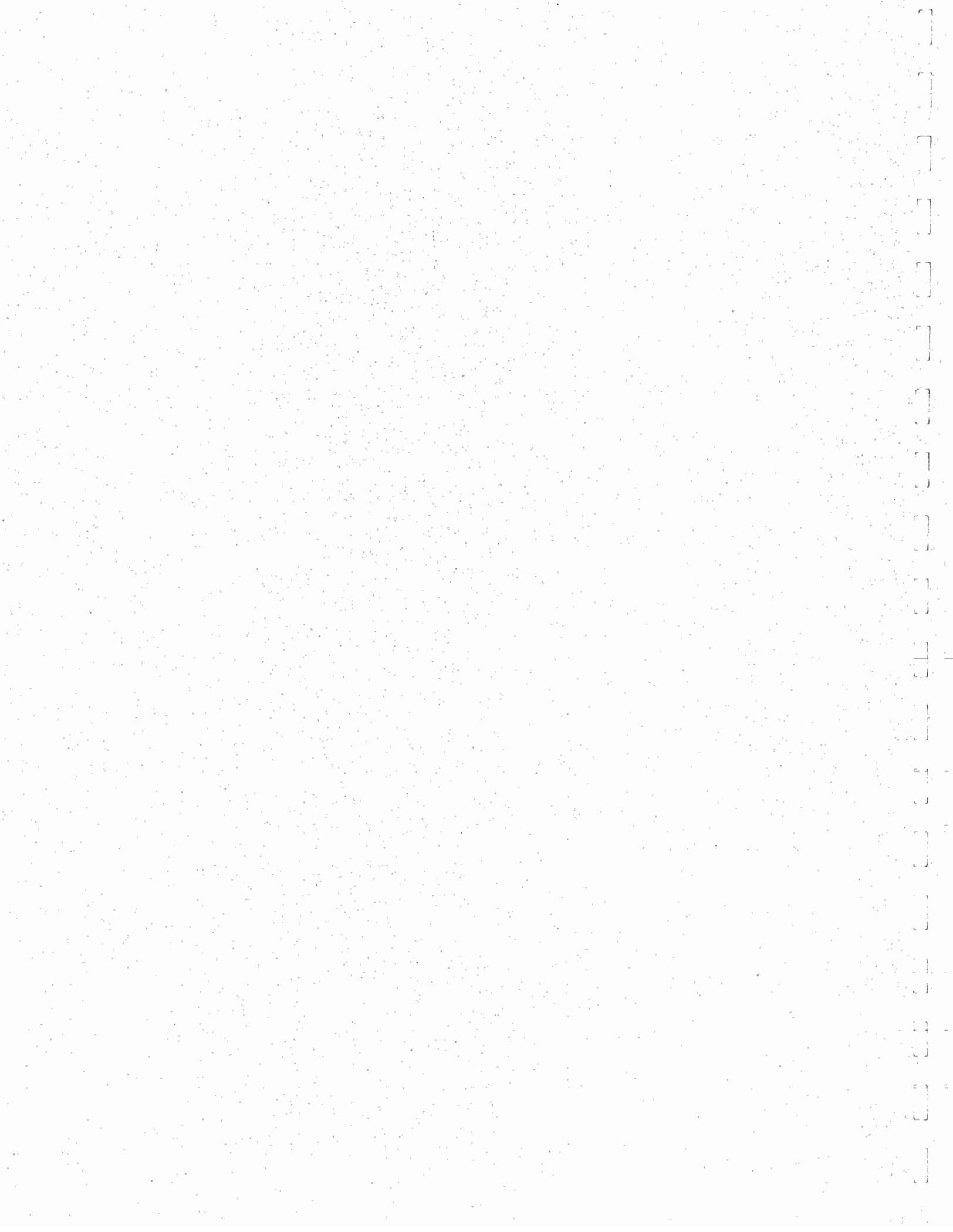
Jeffrey L. Esser
Executive Director

CITY OF PADUCAH, KENTUCKY

FINANCIAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2001



WILLIAMS, WILLIAMS & LENTZ, LLP
CERTIFIED PUBLIC ACCOUNTANTS
601 JEFFERSON - P.O. BOX 2500
PADUCAH, KENTUCKY 42002-2500

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MARK A. THOMAS
ROGER G. HARRIS
J. DAVID BAILEY, III

G. LEON WILLIAMS
H. WILLIAM LENTZ

Independent Auditor's Report

Honorable William F. Paxton, Mayor
Members of the Board of Commissioners
City of Paducah
Paducah, Kentucky

We have audited the accompanying general purpose financial statements of the City of Paducah, Kentucky as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the City of Paducah, Kentucky. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the following component units: Paducah Water Works, Forest Hills Village, Inc., Paducah Power System, and Transit Authority of the City of Paducah, which represent 78 percent and 100 percent, respectively, of the assets and revenues of the Component Units column. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts included for Paducah Water Works, Forest Hills Village, Inc., Paducah Power System, and Transit Authority of the City of Paducah, discretely presented component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Paducah, Kentucky as of June 30, 2001, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reported dated September 12, 2001, on our consideration of the City of Paducah, Kentucky's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Paducah, Kentucky. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the general purpose financial statements of the City of Paducah, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The Pension Trust Funds Schedules on pages 60 and 61 are not a required part of the general purpose financial statements, but are supplementary schedules required by the Governmental Accounting Standards Board. We have applied certain limited procedures prescribed by professional standards, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it.

Williams, Williams & Lenty, LLP

September 12, 2001

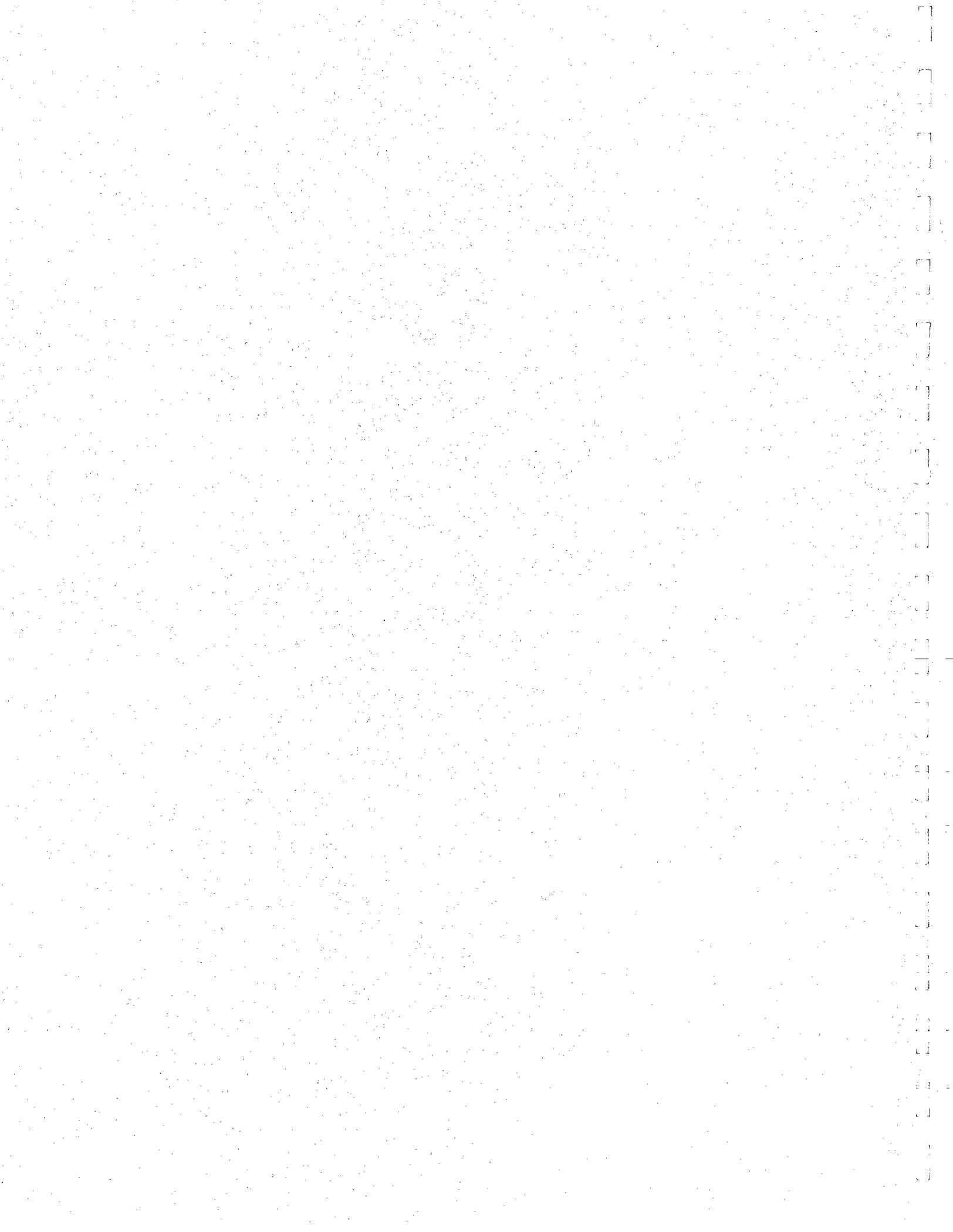
CITY OF PADUCAH, KENTUCKY

FINANCIAL SECTION

COMBINED STATEMENTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2001



COMBINED STATEMENTS

GENERAL PURPOSE FINANCIAL STATEMENTS (Combined Statements - Overview)

These general purpose financial statements provide a summary overview of the financial position of all funds and account groups and the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow. Separate columns are used for each fund type and account group.

CITY OF PADUCAH, KENTUCKY
COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS,
AND DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2001

<u>ASSETS AND OTHER DEBITS</u>	Governmental Fund Types				Proprietary
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
Cash and cash equivalents	\$2,233,626	\$1,650,205	\$ 1,434	\$ 906,656	\$ 745,219
Investments	2,568,830	650,000	-	9,600,000	900,000
Receivables:					
Accounts	84,510	77,925	-	144,840	44,286
Notes	-	-	232,833	-	168,500
Grants	76,319	164,398	-	126,930	-
Interest	52,550	22,615	-	9,281	19,283
Property taxes (net of allowances for uncollectibles)	-	-	-	-	-
Due from other funds	346,734	-	-	-	13,009
Due from other taxing agencies	-	-	-	-	-
Other	-	-	-	-	-
Prepaid items	-	-	-	-	-
Inventory	-	-	-	-	359
Restricted assets	-	-	-	-	-
Other assets	-	-	-	-	-
Land	-	-	-	-	65,908
Buildings	-	-	-	-	324,882
Machinery and equipment	-	-	-	-	3,619,933
Utility plant	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	(2,497,611)
Amount available in debt service funds	-	-	-	-	-
Amounts to be provided for:					
Retirement of general long-term debt	-	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	\$5,362,569	\$2,565,143	\$234,267	\$ 10,787,707	\$3,403,768

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

Fund Types	Fiduciary	Account Groups		Totals	Component	Totals
	Fund Types	General	General	(Memorandum		Reporting
Internal	Trust	Fixed	Long-Term	Only)	Units	Entity
Service	and	Assets	Debt	Primary		
	Agency			Government		
\$ 218,471	\$ 1,793,833	\$ -	\$ -	\$ 7,549,444	\$ 3,196,800	\$ 10,746,244
263,767	10,193,012	-	-	24,175,609	395,187	24,570,796
178,364	-	-	-	529,925	2,710,153	3,240,078
-	-	-	-	401,333	-	401,333
-	-	-	-	367,647	-	367,647
5,487	75,832	-	-	185,048	9,364	194,412
-	204,373	-	-	204,373	-	204,373
-	-	-	-	359,743	-	359,743
-	2,265	-	-	2,265	-	2,265
-	-	-	-	-	938,292	938,292
-	-	-	-	-	54,912	54,912
133,278	-	-	-	133,637	1,184,044	1,317,681
-	-	-	-	-	11,769,435	11,769,435
-	-	-	-	-	1,047,537	1,047,537
-	-	5,054,656	-	5,120,564	166,542	5,287,106
20,000	-	13,026,970	-	13,371,852	15,837,835	29,209,687
1,852,394	-	9,912,626	-	15,384,953	2,009,226	17,394,179
-	-	-	-	-	104,569,742	104,569,742
(615,360)	-	-	-	(3,112,971)	(41,616,728)	(44,729,699)
-	-	-	232,641	232,641	-	232,641
-	-	-	10,729,484	10,729,484	-	10,729,484
<u>\$2,056,401</u>	<u>\$12,269,315</u>	<u>\$27,994,252</u>	<u>\$10,962,125</u>	<u>\$75,635,547</u>	<u>\$102,272,341</u>	<u>\$177,907,888</u>

(Continued)

CITY OF PADUCAH, KENTUCKY
COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS,
AND DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2001

LIABILITIES, FUND EQUITY AND OTHER CREDITS	Governmental Fund Types				Proprietary
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
Liabilities:					
Voucher and accounts payable	\$ 377,868	\$ 348,356	\$ -	\$ 777,376	\$ 328,936
Accrued payroll and payroll taxes	502,596	30,649	-	-	18,480
Due to other funds	13,009	209,652	-	-	24,685
Due to taxing agencies	-	-	-	-	-
Deferred revenues	3,162	124,846	1,283	175,926	-
Deferred compensation benefits payable	-	-	-	-	-
Accrued compensated absences	236,557	-	-	-	53,398
Liability for unpaid claims	-	-	-	-	-
Other liabilities	-	-	-	-	-
Accrued interest and matured interest coupons unpaid	-	-	344	-	-
General obligation bonds payable	-	-	-	-	-
Obligation under capital lease	-	-	-	-	-
Revenue bonds payable	-	-	-	-	-
Public improvement bonds payable	-	-	-	-	-
Public improvement loan payable	-	-	-	-	-
Total liabilities	1,133,192	713,503	1,627	953,302	425,499
Fund Equity and Other Credits:					
Contributed capital	-	-	-	-	424,288
Investment in general fixed assets and plant	-	-	-	-	-
Retained earnings:					
Unreserved	-	-	-	-	2,553,981
Reserved	-	-	-	-	-
Fund balances:					
Reserved for employees' pension benefits	-	-	-	-	-
Reserved for trust purposes	-	-	-	-	-
Reserved for program purposes	-	604,021	-	-	-
Reserved for capital improvements	-	-	-	9,834,405	-
Reserved for scholarships and other	-	-	-	-	-
Unreserved:					
Designated for debt service	-	-	232,640	-	-
Designated for street improvement	-	1,080,254	-	-	-
Undesignated	4,229,377	167,365	-	-	-
Total fund equity and other credits	4,229,377	1,851,640	232,640	9,834,405	2,978,269
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$5,362,569	\$2,565,143	\$234,267	\$10,787,707	\$3,403,768

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

Fund Types	Fiduciary	Account Groups		Totals	Component	Totals
	Fund Types	General	General	(Memorandum		Reporting
Internal	Trust	Fixed	Long-Term	Only)	Units	Entity
Service	and	Assets	Debt	Primary		
	Agency			Government		
\$ 24,691	\$ 240	\$ -	\$ -	\$ 1,857,467	\$ 3,170,855	\$ 5,028,322
5,494	279,735	-	-	836,954	362,574	1,199,528
10,406	101,991	-	-	359,743	-	359,743
-	102,381	-	-	102,381	-	102,381
-	-	-	-	305,217	1,005,463	1,310,680
-	-	-	-	-	139,416	139,416
47,530	-	-	1,290,795	1,628,280	102,823	1,731,103
285,000	-	-	-	285,000	-	285,000
-	-	-	-	-	1,392,518	1,392,518
-	-	-	-	344	145,947	146,291
-	-	-	9,290,000	9,290,000	-	9,290,000
-	-	-	381,330	381,330	-	381,330
-	-	-	-	-	6,821,315	6,821,315
-	-	-	-	-	3,016,159	3,016,159
-	-	-	-	-	358,397	358,397
<u>373,121</u>	<u>484,347</u>	<u>-</u>	<u>10,962,125</u>	<u>15,046,716</u>	<u>16,515,467</u>	<u>31,562,183</u>
381,523	-	-	-	805,811	10,996,188	11,801,999
-	-	27,994,252	-	27,994,252	14,129,034	42,123,286
1,301,757	-	-	-	3,855,738	52,763,661	56,619,399
-	-	-	-	-	49,875	49,875
-	11,707,567	-	-	11,707,567	-	11,707,567
-	64,009	-	-	64,009	-	64,009
-	-	-	-	604,021	-	604,021
-	-	-	-	9,834,405	-	9,834,405
-	-	-	-	-	4,922,543	4,922,543
-	-	-	-	232,640	-	232,640
-	-	-	-	1,080,254	-	1,080,254
-	13,392	-	-	4,410,134	2,895,573	7,305,707
<u>1,683,280</u>	<u>11,784,968</u>	<u>27,994,252</u>	<u>-</u>	<u>60,588,831</u>	<u>85,756,874</u>	<u>146,345,705</u>
<u>\$2,056,401</u>	<u>\$12,269,315</u>	<u>\$27,994,252</u>	<u>\$10,962,125</u>	<u>\$75,635,547</u>	<u>\$102,272,341</u>	<u>\$177,907,888</u>

CITY OF PADUCAH, KENTUCKY
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
YEAR ENDED JUNE 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	\$ 4,736,568	\$ -	\$ -	\$ 144,840
Licenses	16,705,030	-	-	-
Charges for services	578,482	753,798	-	-
Intergovernmental	-	450,412	-	-
Grants	723,626	2,201,418	-	836,856
Interest	358,987	97,543	12,867	45,902
Miscellaneous	507,481	248,740	42,276	311,950
Total revenues	23,610,174	3,751,911	55,143	1,339,548
Expenditures:				
Current:				
General government	3,386,330	-	-	-
Public safety	10,530,012	1,049,642	-	-
Public service	4,872,587	1,050,543	-	-
Parks	738,401	-	-	-
Planning and development	-	2,784,725	-	-
Other	99,657	-	-	-
Capital outlay	-	-	-	3,850,565
Debt service:				
Principal requirement	-	-	140,636	-
Interest and fiscal requirement	-	-	25,752	-
Total expenditures	19,626,987	4,884,910	166,388	3,850,565
Excess of revenues over (under) expenditures	3,983,187	(1,132,999)	(111,245)	(2,511,017)
Other Financing Sources (Uses):				
Bond issue proceeds	-	-	-	9,104,211
Operating transfers in	591,720	1,320,446	-	1,720,701
Operating transfers out	(4,276,337)	(97,947)	(591,720)	-
Total other financing sources (uses)	(3,684,617)	1,222,499	(591,720)	10,824,912
Excess of revenues and other financing sources over (under) expenditures and other uses	298,570	89,500	(702,965)	8,313,895
Fund balances, July 1, 2000, as previously reported	3,930,807	1,730,479	935,605	1,520,510
Adjustment to beginning fund balances	-	31,661	-	-
FUND BALANCES, JUNE 30, 2001	\$ 4,229,377	\$1,851,640	\$ 232,640	\$9,834,405

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

Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only) Primary Government
\$ -	\$ 4,881,408
-	16,705,030
-	1,332,280
-	450,412
-	3,761,900
727	516,026
-	1,110,447
<u>727</u>	<u>28,757,503</u>
50	3,386,380
-	11,579,654
-	5,923,130
-	738,401
-	2,784,725
-	99,657
-	3,850,565
-	140,636
-	25,752
<u>50</u>	<u>28,528,900</u>
<u>677</u>	<u>228,603</u>
-	9,104,211
-	3,632,867
-	(4,966,004)
<u>-</u>	<u>7,771,074</u>
677	7,999,677
12,715	8,130,116
-	31,661
<u>\$13,392</u>	<u>\$16,161,454</u>

CITY OF PADUCAH, KENTUCKY
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL, BUDGETED SPECIAL REVENUE, DEBT SERVICE,
AND CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2001

	<u>General Fund</u>			<u>Budgeted Special</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>
Revenues:					
Taxes	\$ 4,591,655	\$ 4,736,568	\$144,913	\$ -	\$ -
Licenses and permits	16,542,900	16,705,030	162,130	-	-
Charges for services	576,210	578,482	2,272	753,635	753,798
Intergovernmental	-	-	-	450,405	450,412
Grants	692,380	723,626	31,246	712,315	765,286
Interest	358,985	358,987	2	73,060	89,831
Other	507,465	507,481	16	248,620	248,623
Total revenues	<u>23,269,595</u>	<u>23,610,174</u>	<u>340,579</u>	<u>2,238,035</u>	<u>2,307,950</u>
Expenditures:					
Current:					
General government	3,768,080	3,386,330	381,750	1,376,614	1,376,609
Public safety	10,542,420	10,530,012	12,408	1,049,905	1,049,642
Public service	4,873,045	4,872,587	458	1,050,545	1,050,543
Parks	738,590	738,401	189	-	-
Other	99,750	99,657	93	-	-
Principal requirement	-	-	-	-	-
Interest and fiscal requirement	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>20,021,885</u>	<u>19,626,987</u>	<u>394,898</u>	<u>3,477,064</u>	<u>3,476,794</u>
Excess of revenues over (under) expenditures	<u>3,247,710</u>	<u>3,983,187</u>	<u>735,477</u>	<u>(1,239,029)</u>	<u>(1,168,844)</u>
Other Financing Sources (Uses):					
Bond issue proceeds	-	-	-	-	-
Operating transfers in	591,720	591,720	-	1,267,740	1,320,446
Operating transfers out	(4,276,340)	(4,276,337)	3	(97,951)	(97,947)
Total other financing sources (uses)	<u>(3,684,620)</u>	<u>(3,684,617)</u>	<u>3</u>	<u>1,169,789</u>	<u>1,222,499</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$ (436,910)</u>	298,570	<u>\$735,480</u>	<u>\$ (69,240)</u>	53,655
Fund balances, July 1, 2000		<u>3,930,807</u>			<u>1,526,147</u>
FUND BALANCES, JUNE 30, 2001		<u>\$ 4,229,377</u>			<u>\$1,579,802</u>

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

Revenue Funds	Debt Service Fund			Capital Projects Funds		
Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,840	\$144,840
-	-	-	-	-	-	-
163	-	-	-	-	-	-
7	-	-	-	-	-	-
52,971	-	-	-	836,855	836,856	1
16,771	30,885	12,867	(18,018)	41,475	45,902	4,427
3	42,275	42,276	1	311,955	311,950	(5)
<u>69,915</u>	<u>73,160</u>	<u>55,143</u>	<u>(18,017)</u>	<u>1,190,285</u>	<u>1,339,548</u>	<u>149,263</u>
5	-	-	-	-	-	-
263	-	-	-	-	-	-
2	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	140,640	140,636	4	-	-	-
-	25,760	25,752	8	-	-	-
-	-	-	-	3,850,570	3,850,565	5
<u>270</u>	<u>166,400</u>	<u>166,388</u>	<u>12</u>	<u>3,850,570</u>	<u>3,850,565</u>	<u>5</u>
<u>70,185</u>	<u>(93,240)</u>	<u>(111,245)</u>	<u>(18,005)</u>	<u>(2,660,285)</u>	<u>(2,511,017)</u>	<u>149,268</u>
-	-	-	-	9,023,015	9,104,211	81,196
52,706	-	-	-	1,833,880	1,720,701	(113,179)
4	(609,740)	(591,720)	18,020	-	-	-
<u>52,710</u>	<u>(609,740)</u>	<u>(591,720)</u>	<u>18,020</u>	<u>10,856,895</u>	<u>10,824,912</u>	<u>(31,983)</u>
<u>\$122,895</u>	<u>\$(702,980)</u>	(702,965)	<u>\$ 15</u>	<u>\$8,196,610</u>	8,313,895	<u>\$117,285</u>
		<u>935,605</u>			<u>1,520,510</u>	
		<u>\$ 232,640</u>			<u>\$9,834,405</u>	

CITY OF PADUCAH, KENTUCKY
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS/FUND BALANCES - ALL
PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS,
AND SIMILAR DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED JUNE 30, 2001

	Proprietary Fund Types		Fiduciary Fund Type
	Enterprise	Internal Service	Nonexpendable Trust
Operating Revenues:			
Charges for services	\$3,280,089	\$3,827,371	\$ -
Intergovernmental	-	-	2,590
Other	6,164	-	-
Total operating revenues	<u>3,286,253</u>	<u>3,827,371</u>	<u>2,590</u>
Operating Expenses:			
Cost of sales	2,898,180	4,180,437	-
Investment fees and administrative	-	-	221
Depreciation and amortization	391,277	224,380	-
Total operating expenses	<u>3,289,457</u>	<u>4,404,817</u>	<u>221</u>
Operating income (loss)	<u>(3,204)</u>	<u>(577,446)</u>	<u>2,369</u>
Nonoperating Revenues (Expenses):			
Grants	-	-	-
Investment income	79,939	16,957	3,239
Gain (loss) on disposal of property and equipment	(3,965)	(609)	-
Interest expense	-	-	-
Other	-	18,467	-
Amortization	-	-	-
Total nonoperating revenues (expenses)	<u>75,974</u>	<u>34,815</u>	<u>3,239</u>
Income (loss) before operating transfers	<u>72,770</u>	<u>(542,631)</u>	<u>5,608</u>
Operating Transfers In (Out):			
Operating transfers in	22,541	575,129	-
Operating transfers out	(520)	-	-
Total operating transfers in (out)	<u>22,021</u>	<u>575,129</u>	<u>-</u>
Net income (loss)	94,791	32,498	5,608
Other Changes in Retained Earnings:			
Depreciation on property and equipment funded by contributed capital	53,427	-	-
Transfer to contributed capital	-	-	-
Retained earnings/fund balances, July 1, 2000	<u>2,405,763</u>	<u>1,269,259</u>	<u>58,401</u>
RETAINED EARNINGS/FUND BALANCES, JUNE 30, 2001	<u><u>\$2,553,981</u></u>	<u><u>\$1,301,757</u></u>	<u><u>\$64,009</u></u>

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

Totals (Memorandum Only) Primary Government	Component Units	Totals (Memorandum Only) Reporting Entity
\$7,107,460	\$47,763,150	\$54,870,610
2,590	-	2,590
6,164	-	6,164
<u>7,116,214</u>	<u>47,763,150</u>	<u>54,879,364</u>
7,078,617	43,591,576	50,670,193
221	-	221
615,657	3,395,740	4,011,397
<u>7,694,495</u>	<u>46,987,316</u>	<u>54,681,811</u>
(578,281)	775,834	197,553
-	459,747	459,747
100,135	511,559	611,694
(4,574)	-	(4,574)
-	(685,567)	(685,567)
18,467	252,844	271,311
-	(97,844)	(97,844)
<u>114,028</u>	<u>440,739</u>	<u>554,767</u>
(464,253)	1,216,573	752,320
597,670	-	597,670
(520)	-	(520)
<u>597,150</u>	<u>-</u>	<u>597,150</u>
132,897	1,216,573	1,349,470
53,427	98,294	151,721
-	(34,083)	(34,083)
<u>3,733,423</u>	<u>51,532,752</u>	<u>55,266,175</u>
<u>\$3,919,747</u>	<u>\$52,813,536</u>	<u>\$56,733,283</u>

CITY OF PADUCAH, KENTUCKY
COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS,
AND SIMILAR DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED JUNE 30, 2001

	Proprietary Fund Types	
	Enterprise	Internal Service
Cash Flows from Operating Activities:		
Operating income (loss)	\$ (3,204)	\$ (577,446)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	391,277	224,380
Provision for losses on accounts receivable	-	-
(Increase) decrease in:		
Receivables	119,737	144,587
Inventories	-	3,451
Other assets	-	-
Increase (decrease) in:		
Accounts payable and accrued expenses	8,813	219,029
Net cash provided (used) by operating activities	<u>516,623</u>	<u>14,001</u>
Cash Flows from Noncapital Financing Activities:		
Operating transfers from other funds	22,541	575,129
Operating transfers to other funds	(520)	-
Operating grants received	-	-
Net cash provided (used) by noncapital financing activities	<u>22,021</u>	<u>575,129</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(146,467)	(588,210)
Interest paid on bonds and public improvement debt	-	-
Interest paid on long-term debt	-	-
Contributed capital	-	-
Proceeds from sale of capital assets	461	18,467
Principal paid on bond maturities and public improvement debt	-	-
Principal paid on long-term debt	-	-
Capital grant funding	-	-
Net cash provided (used) by capital and related financing activities	<u>(146,006)</u>	<u>(569,743)</u>
Cash Flows from Investing Activities:		
Purchase of investment securities	(400,000)	(13,767)
Proceeds from sales and maturities of investment securities	-	-
Investment income	79,939	16,957
Net cash provided (used) by investing activities	<u>(320,061)</u>	<u>3,190</u>
Net increase (decrease) in cash and cash equivalents	72,577	22,577
Cash and cash equivalents, July 1, 2000	<u>672,642</u>	<u>195,894</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2001 (Includes restricted assets of enterprise fund)	<u>\$ 745,219</u>	<u>\$ 218,471</u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Total cash and cash equivalents per the balance sheet	\$ 745,219	\$ 218,471
Less: Pension trust, expendable trust and agency fund cash and cash equivalents, statement of cash flows not required	-	-
Add: Adjustment for restricted and short-term investments	-	-
Total cash and cash equivalents per statement of cash flows	<u>\$ 745,219</u>	<u>\$ 218,471</u>
Non-Cash Capital and Related Financing Activities:		
Net increase in fair value of investments	<u>\$ -</u>	<u>\$ -</u>

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

<u>Fiduciary Fund Type</u> <u>Nonexpendable</u> <u>Trust</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u> <u>Primary</u> <u>Government</u>	<u>Component</u> <u>Units</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u> <u>Reporting</u> <u>Entity</u>
\$ 2,369	\$ (578,281)	\$ 775,834	\$ 197,553
-	615,657	3,395,740	4,011,397
-	-	163,632	163,632
-	264,324	349,694	614,018
-	3,451	24,373	27,824
-	-	(103,689)	(103,689)
-	227,842	(378,055)	(150,213)
<u>2,369</u>	<u>532,993</u>	<u>4,227,529</u>	<u>4,760,522</u>
-	597,670	-	597,670
-	(520)	-	(520)
-	-	594,393	594,393
-	<u>597,150</u>	<u>594,393</u>	<u>1,191,543</u>
-	(734,677)	(4,309,410)	(5,044,087)
-	-	(680,474)	(680,474)
-	-	(5,093)	(5,093)
-	-	143,074	143,074
-	18,928	51,846	70,774
-	-	(1,025,827)	(1,025,827)
-	-	(4,066)	(4,066)
-	-	34,083	34,083
-	<u>(715,749)</u>	<u>(5,795,867)</u>	<u>(6,511,616)</u>
(16,308)	(430,075)	(2,242,009)	(2,672,084)
15,000	15,000	2,511,548	2,526,548
4,283	101,179	511,559	612,738
<u>2,975</u>	<u>(313,896)</u>	<u>781,098</u>	<u>467,202</u>
5,344	100,498	(192,847)	(92,349)
<u>7,741</u>	<u>876,277</u>	<u>4,172,184</u>	<u>5,048,461</u>
<u>\$ 13,085</u>	<u>\$ 976,775</u>	<u>\$3,979,337</u>	<u>\$4,956,112</u>
\$1,793,833	\$2,757,523	\$3,106,892	\$5,864,415
(1,780,748)	(1,780,748)	-	(1,780,748)
-	-	872,445	872,445
<u>\$ 13,085</u>	<u>\$ 976,775</u>	<u>\$3,979,337</u>	<u>\$4,956,112</u>
<u>\$ 2,041</u>	<u>\$ 2,041</u>	<u>\$ -</u>	<u>\$ 2,041</u>

CITY OF PADUCAH, KENTUCKY
PENSION TRUST FUNDS
STATEMENT OF CHANGES IN PLAN NET ASSETS
YEAR ENDED JUNE 30, 2001

Additions:

Contributions:	
Employer	\$ 204,039
Plan member	28,482
Interfund transfers	<u>735,987</u>
Total contributions	968,508
Net investment income	<u>321,598</u>
Total additions	<u>1,290,106</u>
Deductions:	
Benefits	1,846,407
Administrative expense	<u>23,513</u>
Total deductions	<u>1,869,920</u>
Net decrease	(579,814)
Net assets held in trust for pension benefits:	
July 1, 2000	<u>12,287,381</u>
JUNE 30, 2001	<u><u>\$11,707,567</u></u>

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

CITY OF PADUCAH, KENTUCKY
PADUCAH JUNIOR COLLEGE, INCORPORATED
STATEMENT OF CURRENT FUNDS REVENUE, EXPENDITURES,
AND OTHER CHANGES
YEAR ENDED JUNE 30, 2001

	Current Year		
	Unrestricted	Restricted	Total
Revenues:			
Local appropriations	\$ 677,588	\$ -	\$ 677,588
Expired term endowments	165,039	-	165,039
Local grants and contracts	70,000	-	70,000
Sales and services of educational activities	61,203	-	61,203
Other sources	25,495	-	25,495
Total current revenues	999,325	-	999,325
Expenditures and Nonmandatory Transfers:			
Educational and general:			
Public service	63,105	-	63,105
Academic support	45,271	-	45,271
Student services	15,742	-	15,742
Institutional support	331,753	-	331,753
Operation and maintenance of plant	89,990	-	89,990
Scholarship and fellowships	150,926	-	150,926
Total educational and general	696,787	-	696,787
Nonmandatory transfers to/(from) for:			
Additions to plant and equipment	183,965	-	183,965
Unexpended plant - restricted	300,000	-	300,000
Quasi-endowment funds appropriated	(43,606)	-	(43,606)
Total nonmandatory transfers	440,359	-	440,359
Total expenditures and nonmandatory transfers	1,137,146	-	1,137,146
NET INCREASE (DECREASE) IN FUND BALANCES	\$(137,821)	\$ -	\$(137,821)

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

CITY OF PADUCAH, KENTUCKY
PADUCAH JUNIOR COLLEGE, INCORPORATED
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2001

	<u>Current Funds</u>		<u>Loan Funds</u>
	<u>Unrestricted</u>	<u>Restricted</u>	
Revenues and Other Additions:			
Current fund revenues	\$ 834,286	\$ -	\$ -
State grants	-	-	-
Endowments	-	-	-
Private gifts - restricted	-	-	-
Private gifts - unrestricted	-	-	-
Expired term endowment-restricted	165,039	-	-
Investment income-restricted	-	-	133
Realized gains (losses) on investments:			
Restricted	-	-	-
Unrealized losses on investments:			
Restricted	-	-	-
Total revenues and other additions	<u>999,325</u>	<u>-</u>	<u>133</u>
Expenditures and Other Deductions:			
Educational and general expenditures	696,787	-	-
Expended for plant facilities	-	-	-
Depreciation of plant facilities	-	-	-
Expired term endowments	-	-	-
Total expenditures and other deductions	<u>696,787</u>	<u>-</u>	<u>-</u>
Transfers Among Funds - Additions/ (Deductions):			
Nonmandatory transfers for:			
Additions to plant and equipment	(183,965)	-	-
Unexpended plant - restricted	(300,000)	-	-
Quasi-endowment funds appropriated	43,606	-	-
Total transfers among funds - additions/(deductions)	<u>(440,359)</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) for the year	(137,821)	-	133
Fund balances at beginning of year	545,756	-	16,471
FUND BALANCES AT END OF YEAR	<u>\$ 407,935</u>	<u>\$ -</u>	<u>\$ 16,604</u>

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

Endowment and Similar Funds	Plant Funds	
	Unexpended	Investment in Plant
\$ -	\$ -	\$ -
-	150,000	-
16,783	-	-
133,723	956,336	-
18,750	-	-
-	-	5,226
334,328	78,089	-
111,021	(1,590)	-
<u>(316,623)</u>	<u>7,315</u>	<u>-</u>
<u>297,982</u>	<u>1,190,150</u>	<u>5,226</u>
-	-	-
-	-	-
-	-	441,921
<u>170,265</u>	<u>-</u>	<u>-</u>
<u>170,265</u>	<u>-</u>	<u>441,921</u>
(17,706)	-	201,671
-	300,000	-
<u>(423,606)</u>	<u>380,000</u>	<u>-</u>
<u>(441,312)</u>	<u>680,000</u>	<u>201,671</u>
(313,595)	1,870,150	(235,024)
<u>4,980,460</u>	<u>856,562</u>	<u>14,364,058</u>
<u><u>\$4,666,865</u></u>	<u><u>\$2,726,712</u></u>	<u><u>\$ 14,129,034</u></u>

CITY OF PADUCAH, KENTUCKY
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING BALANCE SHEET
JUNE 30, 2001

<u>ASSETS</u>	<u>Paducah Water Works</u>	<u>Paducah Transit Authority</u>	<u>Forest Hills</u>	<u>Paducah Power System</u>
Cash and cash equivalents	\$ 1,350,565	\$ 401,104	\$ 706,864	\$ 648,359
Investments available for sale, at fair value	-	-	-	-
Investments, restricted	3,157,653	-	49,875	1,797,146
Receivables:				
Accounts	322,191	3,520	-	2,379,442
Interest	-	-	2,013	7,351
Other	-	205,156	16,386	388,083
Prepaid items	-	-	9,108	45,804
Inventory	420,469	7,529	10,549	745,497
Restricted assets	63,381	-	-	-
Other assets	790,325	-	-	87,720
Land	-	9,100	-	15,409
Buildings	-	164,982	-	-
Furniture	-	-	-	-
Machinery and equipment	-	1,435,209	293,506	-
Utility plant	47,825,110	-	-	56,744,632
Less accumulated depreciation	<u>(17,614,711)</u>	<u>(1,075,892)</u>	<u>(219,930)</u>	<u>(21,007,982)</u>
TOTAL ASSETS	<u><u>\$36,314,983</u></u>	<u><u>\$1,150,708</u></u>	<u><u>\$ 868,371</u></u>	<u><u>\$41,851,461</u></u>

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

Paducah Junior College	Totals
\$ 89,908	\$ 3,196,800
395,187	395,187
6,701,380	11,706,054
5,000	2,710,153
-	9,364
328,667	938,292
-	54,912
-	1,184,044
-	63,381
169,492	1,047,537
142,033	166,542
15,672,853	15,837,835
280,511	280,511
-	1,728,715
-	104,569,742
(1,698,213)	(41,616,728)
<u>\$22,086,818</u>	<u>\$102,272,341</u>

(Continued)

CITY OF PADUCAH, KENTUCKY
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING BALANCE SHEET
JUNE 30, 2001

LIABILITIES, FUND EQUITY AND OTHER CREDITS	Paducah Water Works	Paducah Transit Authority	Forest Hills	Paducah Power System
Liabilities:				
Voucher and accounts payable	\$ 176,183	\$ 12,732	\$ 12,949	\$ 2,968,739
Accrued payroll and payroll taxes	-	24,218	10,694	327,662
Deferred revenues	-	-	9,453	996,010
Deferred compensation benefits payable	-	-	-	-
Accrued compensation absences	-	13,719	89,104	-
Other liabilities	832,702	85,594	53,675	420,547
Accrued interest payable	-	-	-	145,947
Revenue bonds payable	6,821,315	-	-	-
Public improvement bonds payable	-	-	-	3,016,159
Public improvement loan payable	358,397	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	8,188,597	136,263	175,875	7,875,064
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Equity and Other Credits:				
Contributed capital	10,632,686	363,502	-	-
Investment in general fixed assets and plant	-	-	-	-
Retained earnings (deficit):				
Unreserved	17,493,700	650,943	642,621	33,976,397
Reserved for tenant deposits	-	-	49,875	-
Fund balances:				
Reserved for scholarships and other	-	-	-	-
Unreserved:				
Undesignated	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund equity and other credits	28,126,386	1,014,445	692,496	33,976,397
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$36,314,983	\$1,150,708	\$868,371	\$41,851,461

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

Paducah Junior College	Totals
\$ 252	\$ 3,170,855
-	362,574
-	1,005,463
139,416	139,416
-	102,823
-	1,392,518
-	145,947
-	6,821,315
-	3,016,159
-	358,397
<u>139,668</u>	<u>16,515,467</u>
-	10,996,188
14,129,034	14,129,034
-	52,763,661
-	49,875
4,922,543	4,922,543
<u>2,895,573</u>	<u>2,895,573</u>
<u>21,947,150</u>	<u>85,756,874</u>
<u><u>\$22,086,818</u></u>	<u><u>\$102,272,341</u></u>

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CITY OF PADUCAH, KENTUCKY
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS - PROPRIETARY FUND TYPES
YEAR ENDED JUNE 30, 2001

	Paducah Water Works	Paducah Transit Authority	Forest Hills	Paducah Power System	Totals
Operating Revenues:					
Charges for services	\$ 5,750,988	\$2,270,874	\$1,219,920	\$38,521,368	\$47,763,150
Operating Expenses:					
Cost of sales	3,987,988	2,705,195	1,110,446	35,787,947	43,591,576
Depreciation and amortization	1,139,401	125,315	27,864	2,103,160	3,395,740
Total operating expenses	5,127,389	2,830,510	1,138,310	37,891,107	46,987,316
Operating income (loss)	623,599	(559,636)	81,610	630,261	775,834
Nonoperating Revenues (Expenses):					
Investment income	313,818	14,251	33,105	150,385	511,559
Interest expense	(405,342)	(5,093)	-	(275,132)	(685,567)
Amortization of deferred debit	(59,211)	-	-	-	(59,211)
Grants	-	459,747	-	-	459,747
Amortization	(38,633)	-	-	-	(38,633)
Other	63,425	189,419	-	-	252,844
Total nonoperating revenues (expenses)	(125,943)	658,324	33,105	(124,747)	440,739
Net income (loss)	497,656	98,688	114,715	505,514	1,216,573
Other Changes in Retained Earnings:					
Depreciation allocable to contributed capital	-	98,294	-	-	98,294
Transfer to contributed capital	-	(34,083)	-	-	(34,083)
Retained earnings, July 1, 2000	16,996,044	488,044	577,781	33,470,883	51,532,752
RETAINED EARNINGS, JUNE 30, 2001	<u>\$17,493,700</u>	<u>\$ 650,943</u>	<u>\$ 692,496</u>	<u>\$33,976,397</u>	<u>\$52,813,536</u>

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

CITY OF PADUCAH, KENTUCKY
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPES
YEAR ENDED JUNE 30, 2001

	Paducah Water Works	Paducah Transit Authority	Forest Hills
Cash Flows from Operating Activities:			
Operating income (loss)	\$ 623,599	\$ (559,636)	\$ 81,610
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	1,139,401	125,315	27,864
Provision for losses on accounts receivable	-	-	-
(Increase) decrease in:			
Receivables	(3,546)	(30,396)	(2,671)
Inventories	47,033	3,644	1,616
Other assets	34,218	28,692	282
Increase (decrease) in:			
Accounts payable and accrued expenses	(19,459)	(49,872)	6,075
Net cash provided (used) by operating activities	<u>1,821,246</u>	<u>(482,253)</u>	<u>114,776</u>
Cash Flows from Noncapital Financing Activities:			
Operating grants received	<u>-</u>	<u>594,393</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(1,077,629)	(41,731)	(24,077)
Interest paid on bonds and public improvement debt	(405,342)	-	-
Interest paid on long-term debt	-	(5,093)	-
Contributed capital	143,074	-	-
Capital grant funding	-	34,083	-
Proceeds from sale of capital assets	51,846	-	-
Principal paid on long-term debt	-	(4,066)	-
Principal paid on bond maturities and public improvement debt	<u>(755,910)</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(2,043,961)</u>	<u>(16,807)</u>	<u>(24,077)</u>
Cash Flows from Investing Activities:			
Purchase of investment securities	(2,261,490)	-	-
Proceeds from sales and maturities of investment securities	2,511,548	-	-
Investment income	<u>313,818</u>	<u>14,251</u>	<u>33,105</u>
Net cash provided (used) by investing activities	<u>563,876</u>	<u>14,251</u>	<u>33,105</u>
Net increase (decrease) in cash and cash equivalents	341,161	109,584	123,804
Cash and cash equivalents, July 1, 2000	<u>1,009,404</u>	<u>291,520</u>	<u>583,060</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2001	<u><u>\$1,350,565</u></u>	<u><u>\$ 401,104</u></u>	<u><u>\$ 706,864</u></u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:			
Total cash and cash equivalents per the balance sheet	\$1,350,565	\$ 401,104	\$ 706,864
Adjustment for restricted cash and short-term investments	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS	<u><u>\$1,350,565</u></u>	<u><u>\$ 401,104</u></u>	<u><u>\$ 706,864</u></u>

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

Paducah Power System	Totals (Memorandum Only)
<u>\$ 630,261</u>	<u>\$ 775,834</u>
2,103,160	3,395,740
163,632	163,632
386,307	349,694
(27,920)	24,373
(166,881)	(103,689)
<u>(314,799)</u>	<u>(378,055)</u>
<u>2,773,760</u>	<u>4,227,529</u>
<u>-</u>	<u>594,393</u>
(3,165,973)	(4,309,410)
(275,132)	(680,474)
-	(5,093)
-	143,074
-	34,083
-	51,846
-	(4,066)
<u>(269,917)</u>	<u>(1,025,827)</u>
<u>(3,711,022)</u>	<u>(5,795,867)</u>
19,481	(2,242,009)
-	2,511,548
<u>150,385</u>	<u>511,559</u>
<u>169,866</u>	<u>781,098</u>
(767,396)	(192,847)
<u>2,288,200</u>	<u>4,172,184</u>
<u>\$ 1,520,804</u>	<u>\$ 3,979,337</u>
<u>\$ 648,359</u>	<u>\$ 3,106,892</u>
<u>872,445</u>	<u>872,445</u>
<u>\$ 1,520,804</u>	<u>\$ 3,979,337</u>

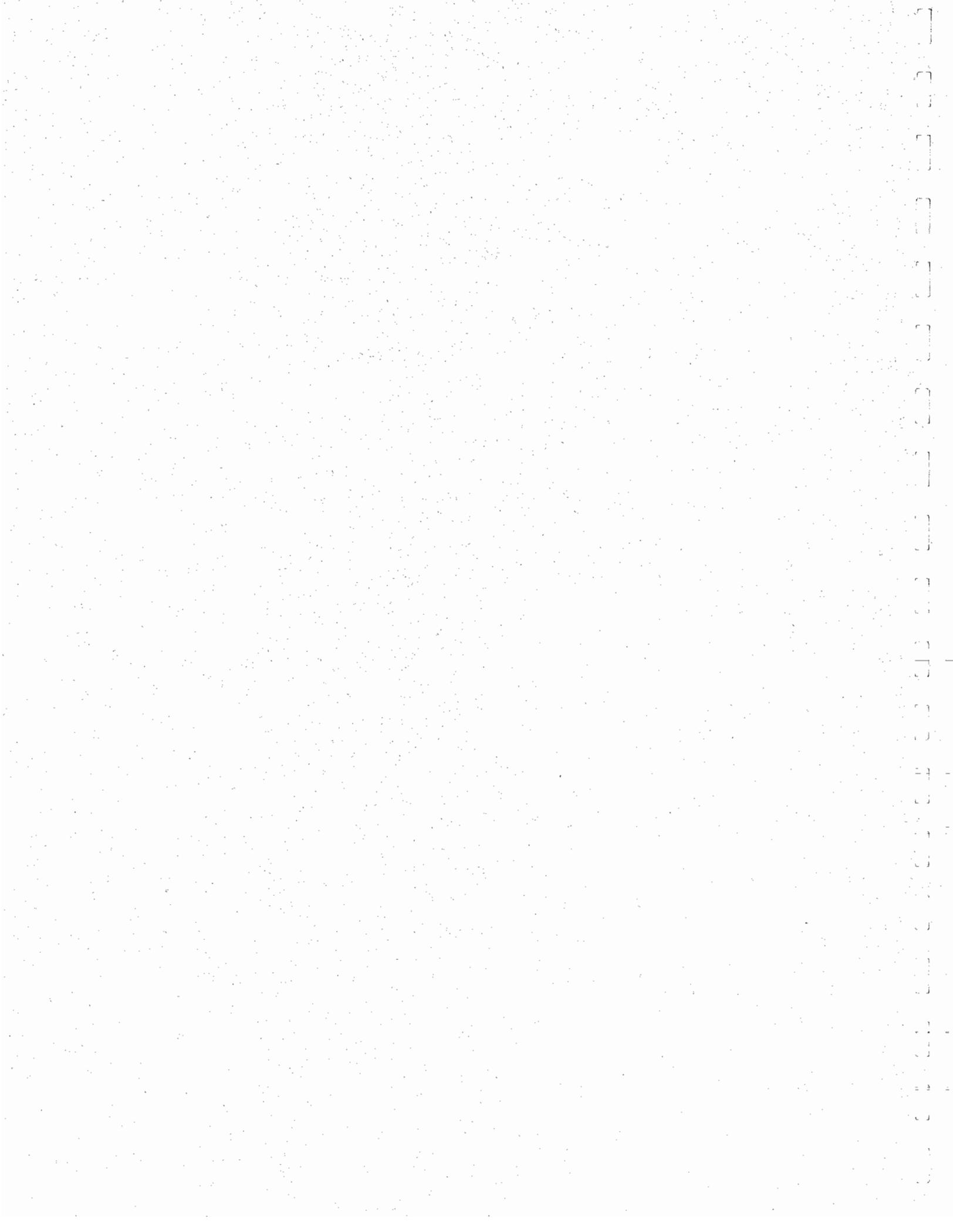
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CITY OF PADUCAH, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2001



CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

Note 1 - Summary of Significant Accounting Policies:

The accounting policies of the City of Paducah (City) conform to generally accepted accounting principles as applicable to governmental units as prescribed by the Governmental Accounting Standards Board (GASB). The financial reporting entity, basis of accounting, and other significant policies employed by the City are summarized as follows:

Financial Reporting Entity

The City operates under a City Manager form of government. The Board of Commissioners consists of a Mayor and four Commissioners elected at large by the citizens on a non-partisan basis. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Paducah (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Blended Component Units

The following component units have been presented as blended component units because the component unit's governing body is substantially the same as the governing body of the City, or the component unit provides services almost entirely to the primary government.

Paducah Public Improvement Corporation - The Mayor and Commissioners serve as the governing body for the Corporation. Although it is legally separate from the City, the Paducah Public Improvement Corporation is reported as if it were part of the primary government because its sole purpose is to finance long-term debt since the City may not legally obligate itself beyond one year.

Police and Firefighters' Retirement Fund - This Retirement Fund was established for the benefit of the police and firemen of the City. It is administered by a Board of Trustees consisting of the Mayor, City Finance Director and representatives of the Police and Fire Departments. The Board is authorized to establish benefit levels and to approve actuarial assumptions used in the determination of contribution levels.

Discretely Presented Component Units

The component unit column in the combined financial statements includes the financial data of the City's other component units. They are reported in a separate column to emphasize that they are legally separate from the City. The following component units are included in the reporting entity because of their financial relationship with the City.

Paducah Water Works - The City of Paducah Water Works Commission is appointed by the Mayor. The rates for user charges and bond issuance authorizations are subject to approval by the City Commission of the City of Paducah.

Transit Authority of the City of Paducah - The Transit Authority's governing board is appointed by the Mayor of the City of Paducah. The City is the grantee agency receiving, on behalf of the Transit Authority, its principal revenues. The City also contributes substantially to the operation of the Authority by providing cash subsidies and facilities.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

Note 1 - Summary of Significant Account Policies:

Discretely Presented Component Units

Forest Hills Village, Inc. - The Corporation's Board is appointed by the City, and their only purpose is to manage City of Paducah properties known as "Forest Hills Housing Development". The City and Corporation have a lease agreement detailing the terms and conditions of operations.

Paducah Power System - The members of the Electric Plant Board are appointed by the Mayor. The system provides a financial benefit to the City through a payment in lieu of taxes.

Paducah Junior College, Incorporated - The Board of Trustees of the junior college are appointed by the Mayor. The College is a part of the University of Kentucky Community College System which is now administered by the Kentucky Community and Technical College System. Under this system, the University of Kentucky receives the monies from student tuition, fees and other related income and provides the financing for the operational budget of the College. A tax levied and collected by the City is a primary revenue source for the College. These funds, as well a gifts and grants made to the College, may be used for the acquisition or improvement of property or to finance programs beyond the level of those normally provided by community colleges in the University of Kentucky system. The financial statements of Paducah Junior College have been prepared using the accrual basis of accounting as defined by the AICPA Industry Guide for Colleges and Universities.

Complete financial statements of the individual component units can be obtained from their respective administrative offices in the following locations:

Paducah Water Works
401 Washington Street
Paducah, Kentucky 42003

Transit Authority of the
City of Paducah
500 Clark Street
Paducah, Kentucky 42003

Forest Hills Village, Inc.
238 Highland Boulevard
Paducah, Kentucky 42003

Paducah Power System
1500 Broadway
Paducah, Kentucky 42001

Paducah Junior College, Incorporated
4810 Blandville Road
Paducah, Kentucky 42001

Effective on July 1, 2000, pursuant to an ordinance of the City of Paducah, the Paducah Public Library ceased to exist and transferred all assets to the McCracken County Library Taxing District. All aspects of operation of the Paducah Public Library were transferred to the McCracken County Library Taxing District, which is under the management and control of a five member Board of Trustees as appointed by the McCracken County Fiscal Court pursuant to an ordinance. The new entity is not a component unit of the City.

Related Organizations

City officials are also responsible for appointing the members of boards of other organizations, but the City's accountability for these organizations does not extend beyond appointing authority. The organizations listed below are notable related organizations which have not been included in the City's report.

Paducah Housing Authority - The Paducah Housing Authority (PHA) is a legally separate entity that provides for construction, operation and management of low income housing projects within the City. PHA is a legally separate entity and is not financially accountable to the City. This organization is not included as a component unit of the City.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

Note 1 - Summary of Significant Accounting Policies:

Related Organizations

Joint Sewer Agency – As of July 1, 1999, the assets and liabilities of the Wastewater/Stormwater Fund were transferred to the Paducah-McCracken County Joint Sewer Agency pursuant to a municipal order dated June 29, 1999. The Paducah-McCracken County Joint Sewer Agency is a legally separate entity and is not financially accountable to the City. This organization is not included as a component unit of the City.

Basis of Presentation, Fund Accounting

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate “fund types”. Account groups are classified into General Fixed Assets and General Long-Term Debt.

Governmental Funds are used to account for all or most of a government’s general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund. The funds comprising the governmental funds are as follows:

General Fund: (there is only one general fund).

Special Revenue Funds: Municipal Aid, Emergency Communication Service Fund, Court Awards Fund, and Federal State, and Local Grants.

Debt Service Fund: Public Improvement Bonds, Public Improvement Notes, and Capital Lease.

Capital Project Funds: General Capital Improvements and Downtown Capital Improvements.

Proprietary Funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). The various enterprise funds of the City are as follows:

Solid Waste,
Wastewater/Stormwater,
Civic Center, and
Telecommunications and Information Systems Authority (TISA)

The internal service funds of the City are as follows:

Fleet Maintenance,
Fleet Lease Trust,
Insurance Fund, and
Health Insurance Fund

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

Note 1 - Summary of Significant Accounting Policies:

Basis of Presentation, Fund Accounting

Trust and Agency Funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent. The funds included in this group are:

Police and Firefighters' Retirement (Pension Trust),
Appointive Employees' Pension Fund (Pension Trust),
Oak Grove Cemetery Trust (Nonexpendable Trust),
Rinkleff Estate (Expendable Trust),
Property Taxes (Agency), and
Payroll Fund (Agency).

Fixed Assets and Long-Term Debt accounting and reporting applications with respect to a fund are determined by its measurement focus. All Governmental Funds and Expendable Trust Funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks and lighting systems are not capitalized along with other general fixed assets. Depreciation is not provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

Long-term debt expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are, instead, reported as liabilities in the General Long-Term Debt Account Group.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

Note 1 - Summary of Significant Account Policies:

Basis of Presentation, Fund Accounting

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

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

Buildings	50 Years
Utility plant	40-60 Years
Improvements	10-20 Years
Equipment	5-25 Years

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on a balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds, nonexpendable trust funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon thereafter to be used to pay liabilities of the current period. The City considers taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are taxes, intergovernmental, employer and employees' contributions to trust funds, interest revenue and charges for services. License and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

Note 1 - Summary of Significant Accounting Policies:

Basis of Accounting

The accrual basis of accounting is utilized by proprietary fund types, pension trust funds and nonexpendable trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Pension Plan member and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Budgets and Budgetary Accounting

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

1. Prior to July, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the City to obtain taxpayer comments.
3. Prior to July, the budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts between department line items; however, any revisions that alter the total expenditures of any department must be approved by the City Commission.
5. Formal budgetary integration is employed as a management control device during the year and annual budgets have been legally adopted for the General Fund, Emergency Communication Service Fund, Municipal Aid Fund, Court Awards Fund, General Capital Improvements, Downtown Capital Improvements, TISA Fund, Solid Waste Fund, Wastewater/Stormwater Fund, Civic Center Fund, Fleet Maintenance, Insurance Fund, and Health Insurance Fund.
6. Budgets are adopted on a basis consistent with GAAP.

The City does not budget the Section Eight Housing Special Revenue Fund and, accordingly, the applicable columns of the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Exhibit 3) exclude amounts relating to the unbudgeted fund. The City does legally adopt budgets for certain special revenue funds including the Municipal Aid Program Fund, Emergency Communication Service Fund, Court Awards Fund, and all federal, state, and local grant funds. A reconciliation of actual results for budgeted and unbudgeted Special Revenue Funds follows:

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

Note 1 - Summary of Significant Accounting Policies:

Budgets and Budgetary Accounting

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Fund Balance June 30, 2001</u>
Budgeted funds	\$2,307,950	\$3,476,794	\$1,222,499	\$1,579,802
Unbudgeted fund:				
Section Eight Housing	<u>1,443,961</u>	<u>1,408,116</u>	<u>-</u>	<u>271,838</u>
TOTALS	<u>\$3,751,911</u>	<u>\$4,884,910</u>	<u>\$1,222,499</u>	<u>\$1,851,640</u>

Presented budget amounts are originally adopted, or as amended by the City Commission. Appropriations lapse at year end; however, uncompleted capital projects may be reappropriated at the beginning of each fiscal year.

Revisions made to the original expenditure budget (including operating transfers out) for each fund were as follows:

	<u>Original Budget</u>	<u>Total Revisions</u>	<u>Revised Budget</u>
General Fund	\$24,883,420	\$(585,195)	\$24,298,225
Special Revenue Funds:			
Municipal Aid Program	827,630	222,915	1,050,545
Emergency Communication Service Fund	1,043,280	(194,160)	849,120
Court Awards Fund	25,000	16,020	41,020
Small Grant Fund	60,000	(35,660)	24,340
CDBG Grant Fund	853,725	97,735	951,460
HOPE 3 Implementation Grant Fund	100,000	(100,000)	-
Home Grant Fund	1,181,940	(714,380)	467,560
HUD Revolving Fund	75,000	(43,960)	31,040
Paducah Housing Authority Police Grant Fund	150,000	9,930	159,930
Debt Service Fund	172,690	603,450	776,140
Capital Projects Funds:			
General Capital Improvements	3,675,700	(328,255)	3,347,445
Downtown Capital Improvements	-	503,125	503,125
Enterprise Funds:			
Solid Waste Fund	3,305,000	31,325	3,336,325
Civic Center Fund	48,375	(4,785)	43,590
TISA Fund	144,540	(32,615)	111,925
Internal Service Funds:			
Fleet Maintenance	391,850	(21,485)	370,365
Fleet Lease Trust	641,630	(429,285)	212,345
Insurance Fund	882,800	(54,520)	828,280
Health Insurance Fund	<u>2,524,040</u>	<u>471,335</u>	<u>2,995,375</u>
TOTALS	<u>\$40,986,620</u>	<u>\$(588,465)</u>	<u>\$40,398,155</u>

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

Note 1 - Summary of Significant Accounting Policies:

Budgets and Budgetary Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds. In accordance with generally accepted accounting principles (GAAP), encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. There are no encumbrances at June 30, 2001.

Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited to applicable bond covenants.

Investments

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value.

Inventories

Inventories are stated at cost on a first-in, first-out basis.

Property Tax

The City bills and collects its own property taxes. The City elects to use the annual property assessment prepared by McCracken County as its base to apply the property tax rate. According to Kentucky Revised Statutes, the assessment date for the City must conform to the assessment date of McCracken County, and the annual increase in the property tax levy cannot exceed 4%. City property tax revenues are recognized when levied to the extent that they result in current receivables in accordance with GASB Statement 1, *Revenue Recognition - Property Taxes*.

The due dates and collection period for all property taxes, exclusive of vehicle taxes, for the fiscal year ended June 30, 2001, are as follows:

<u>Description</u>	<u>Date</u>
Assessment and enforceable lien	January 1, 2000
Levy	October 3, 2000
Face value amount payment dates	1 st half by November 30, 2000 2 nd half by February 28, 2001
Delinquent date - 10% penalty plus 1/2% per month	1 st half - December 1, 2000 2 nd half - March 1, 2001

Compensated Absences

Accumulated unpaid vacation, sick pay, and other employee benefit amounts are accounted for in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Governmental funds report the estimated current portion of accrued compensated absences on their balance sheets, with the long-term portion of the liability reported in the General Long-Term Debt Account Group. Proprietary fund types report both the current and long-term portions on their balance sheets.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

Note 1 - Summary of Significant Accounting Policies:

Compensated Absences

Accumulations for vacation pay are restricted to a maximum of 50 days and provide vesting rights upon completion of six months service. Accumulations for sick pay are restricted to a maximum of 150 days and provide payment to employees or beneficiaries for accumulations in excess of 50 days and up to 120 days upon death or retirement from City service.

Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants, contributions from developers or customers, and permanent transfers of equity from other funds or account groups. Investments in general fixed assets represent cumulative amounts expended by governmental funds for general fixed assets. Retained earnings (deficits) reflect cumulative profits and losses of proprietary funds. Fund balances - reserved represents those portions of fund equity legally segregated for a specific future use or those not appropriate for expenditure. Fund balance - unreserved represents those portions of fund equity tentatively planned for a future use or totally undesignated.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Statement of Cash Flows

In September, 1989, the Governmental Accounting Standards Board issued Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. The City adopted the provisions of the Statement in its 1991 financial statements. For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Policy Regarding Use of FASB Pronouncements for Propriety Activities

The City's proprietary activities follow all FASB Statements and Interpretations issued on or before November 30, 1989, except those that conflict with GASB pronouncements. FASB pronouncements issued after November 30, 1989, do not apply to proprietary activities unless specifically adopted in a GASB pronouncement.

Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in the columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

Note 1 - Summary of Significant Accounting Policies:

Deposits - Primary Government

At year end, the carrying amount of the City's demand deposits was \$6,668,700 and the bank balance was \$7,043,973. The bank balance of bank certificates of deposit and repurchase agreements (classified as investments on the balance sheets), was \$14,282,596. The bank balance is categorized as follows:

Amount secured by the FDIC, or collateralized with securities held by the City in its name	\$ 500,000
Amount collateralized with securities held by the pledging institution's agent in the City's name	13,266,569
Amount secured by Federal Home Loan Bank letters of credit	<u>7,560,000</u>
TOTAL BANK BALANCE	<u>\$21,326,569</u>

Note 2 - Deposits and Investments:

Investments

Kentucky Revised Statutes (KRS 66.480) authorize the City to invest in:

1. Obligations of the U.S. Treasury, agencies, and instrumentalities. Such investments may be accomplished through repurchase agreements reached with national or state banks chartered in Kentucky;
2. Bonds or certificates of indebtedness of the state of Kentucky and of its agencies and instrumentalities;
3. Savings and loan associations insured by the U.S. government;
4. Interest-bearing deposits in national or state banks chartered in Kentucky and insured by an agency of the U.S. government;
5. Deposit accounts with banking institutions;
6. State treasurer investment pool.

The Police and Firemen's Retirement Fund is also authorized to invest in real estate mortgage notes, bonds and other interest bearing or dividend paying securities.

Investments made by the City, including repurchase agreements, are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1 - Insured or registered, with securities held by the City or its agent in the City's name.
- Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 - Uninsured and unregistered, with securities held by the counterpart, or by its trust department or agent, but not in the City's name.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

Note 2 - Deposits and Investments:

Investments

Investments of the primary government are classified as follows:

	<u>Category</u>			<u>Fair</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Value</u>
U.S. government securities	\$4,104,136	\$-	\$-	\$4,104,136
Mortgage backed securities	130,787	-	-	130,787
Corporate bonds and notes	<u>1,047,973</u>	-	-	<u>1,047,973</u>
	<u>\$5,282,896</u>	<u>\$-</u>	<u>\$-</u>	5,282,896
Investment in mutual funds				<u>4,610,120</u>
Total investments (excluding \$14,282,593 of bank CD's)				<u>\$9,893,016</u>

Investments of the discretely presented component units are classified as follows:

	<u>Category</u>			<u>Fair</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Value</u>
U.S. government securities	\$2,074,338	\$-	\$-	\$2,074,338
Corporate bonds and notes	152,252	-	-	152,252
Corporate equity stocks	<u>487,587</u>	-	-	<u>487,587</u>
	<u>\$2,714,177</u>	<u>\$-</u>	<u>\$-</u>	2,714,177
Investment in mutual funds and money markets				<u>6,229,411</u>
Total investments (excluding \$3,157,653 of bank CD's), including \$8,548,401 classified as restricted on combined balance sheet				<u>\$8,943,588</u>

The following methods and assumptions were used by the entities in estimating fair values for financial instruments:

Certificates of Deposit - The carrying amounts reported for certificates of deposit approximate their fair value.

Investment Securities (Including Mortgage-Backed Securities) - Fair values for investment securities are based on quoted market prices.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

Note 3 - Individual Fund Interfund Receivable and Payable Balances:

A summary of interfund account balances is as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$346,734	\$ 13,009
Special Revenue Funds:		
Small Grants Fund	-	15,402
CDBG Grant Fund	-	100,000
PHA Police Grant Fund	-	14,633
Section 8 Housing Fund	-	41,785
Home Grant Fund	-	37,832
Enterprise Funds:		
TISA	13,009	24,685
Internal Service Funds:		
Health Insurance Fund	-	10,406
Fiduciary Funds:		
Property taxes	-	<u>101,991</u>
TOTALS	<u>\$359,743</u>	<u>\$359,743</u>

Note 4 - Changes in General Fixed Assets:

A summary of changes in General Fixed Assets follows:

	<u>Balance July 1, 2000</u>	<u>Additions and Transfers In</u>	<u>Retirements and Transfers Out</u>	<u>Balance June 30, 2001</u>
Primary government:				
Land	\$ 5,054,656	\$ -	\$ -	\$ 5,054,656
Buildings and improvements	13,026,970	115,736	115,736	13,026,970
Equipment	5,207,569	325,655	253,823	5,279,401
Furnishings and fixtures	250,828	3,000	3,000	250,828
Vehicles	<u>4,463,888</u>	<u>128,197</u>	<u>209,688</u>	<u>4,382,397</u>
TOTALS	<u>\$28,003,911</u>	<u>\$572,588</u>	<u>\$582,247</u>	<u>\$27,994,252</u>

A summary of property, plant, and equipment of proprietary funds is presented below.

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>		<u>Total Primary Govt.</u>	<u>Component Units</u>	<u>Total Reporting Entity</u>
	<u>Solid Waste Fund</u>	<u>TISA Fund</u>	<u>Civic Center Fund</u>	<u>Fleet Maintenance Fund</u>	<u>Fleet Lease Trust</u>			
Land	\$ 65,908	\$ -	\$ -	\$ -	\$ -	\$ 65,908	\$ 166,542	\$ 232,450
Buildings	40,658	-	284,224	20,000	-	344,882	15,837,835	16,182,717
Machinery and equipment	3,273,513	328,929	17,491	208,980	1,643,414	5,472,327	2,009,226	7,481,553
Utility plant	-	-	-	-	-	-	<u>104,569,742</u>	<u>104,569,742</u>
	3,380,079	328,929	301,715	228,980	1,643,414	5,883,117	122,583,345	128,466,462
Less accumulated depreciation	<u>(2,303,474)</u>	<u>(72,041)</u>	<u>(122,096)</u>	<u>(163,732)</u>	<u>(451,628)</u>	<u>(3,112,971)</u>	<u>(41,616,728)</u>	<u>(44,729,699)</u>
NET PROPERTY, PLANT, AND EQUIPMENT	<u>\$ 1,076,605</u>	<u>\$ 256,888</u>	<u>\$179,619</u>	<u>\$ 65,248</u>	<u>\$1,191,786</u>	<u>\$2,770,146</u>	<u>\$ 80,966,617</u>	<u>\$ 83,736,763</u>

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

Note 5 – Long-Term Liabilities:

The following is a summary of changes in Primary Government long-term debt for the year ended June 30, 2001:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Long-Term Debt:				
General obligation bonds:				
Convention and Arts Center – Series 2001, 3.50% - 5.00%	\$ -	\$9,290,000	\$ -	\$ 9,290,000
Capital lease	521,966	-	140,636	381,330
General Fund accrued compensated absences	1,725,478	-	434,683	1,290,795
Enterprise Funds:				
Accrued compensated absences:				
Solid Waste Fund	47,266	-	35,868	11,398
Internal Service Funds:				
Accrued compensated absences:				
Fleet Maintenance Fund	<u>31,016</u>	<u>1,514</u>	<u>-</u>	<u>32,530</u>
TOTAL LONG-TERM DEBT	<u>\$2,325,726</u>	<u>\$9,291,514</u>	<u>\$611,187</u>	<u>\$11,006,053</u>

The long-term debt consists of the following:

General Obligation Bonds

The City of Paducah issued general obligation bonds in June, 2001, to finance construction of the new Four Rivers Center for the Performing Arts and the expansion of the Julian Carroll Convention Center. These bonds are required to be fully paid within 25 years from the date of issue and are backed by the full faith and credit of the City. While these bonds are issued by the City, 50% of the principal amount of the bonds is being issued on behalf of the County of McCracken, Kentucky which intends to participate on an equal basis with the City in financing the projects and has issued the City a general obligation note in a principal amount equal to 50% of the principal amount of the bonds and bearing interest at the same rates as the City's bonds in order to secure the County's obligations to the City.

The annual debt service requirements to maturity, including principal and interest, for general long-term debt as of June 30, 2001, are as follows:

<u>Year Ending June 30</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2002	\$ 215,000	\$ 427,550
2003	225,000	420,025
2004	230,000	412,150
2005	240,000	404,100
2006	250,000	394,500
Later years	<u>8,130,000</u>	<u>4,747,357</u>
TOTALS	<u>\$9,290,000</u>	<u>\$6,805,682</u>

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

Note 5 – Long-Term Liabilities:

Capital Lease

On December 20, 1993, the City agreed to lease new fire equipment through the Kentucky Municipal Finance Corporation. All seven pieces of equipment were acquired prior to June 30, 1996. The total cost of the equipment was \$1,674,251. The City paid \$400,000 of the purchase price, with the remaining \$1,274,251 financed with the lease. The lease is classified as a capital lease.

The leased assets and related obligations are accounted for in the General Fixed Assets Account Group and the General Long-Term Account Group, respectively. Assets under capital leases totaled \$1,274,251 at June 30, 2001.

The following is a schedule of future minimum lease payments under this capital lease, together with the net present value of the minimum lease payments as of June 30, 2001:

<u>Year Ending June 30</u>	<u>General Long-Term Debt Account Group</u>
2002	\$162,432
2003	162,432
2004	<u>81,216</u>
Minimum lease payments for capital lease	406,080
Less: amount representing interest at the City's incremental borrowing rate of interest	<u>24,750</u>
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	<u>\$381,330</u>

Accrued Compensated Absences

Compensated absence obligations arise from amounts due to City employees for vested amounts of vacation pay and sick pay which will be payable in the future. Amounts accrued at June 30, 2001, are as follows:

	<u>General Long-Term Debt Account Group</u>	<u>Proprietary Funds</u>	
		<u>Solid Waste</u>	<u>Fleet Maintenance</u>
Accrued sick leave	\$ 711,872	\$12,648	\$21,784
Accrued vacation leave	706,913	36,955	22,369
Applicable payroll taxes	<u>108,567</u>	<u>3,795</u>	<u>3,377</u>
Total	1,527,352	53,398	47,530
Less current portion	<u>236,557</u>	<u>42,000</u>	<u>15,000</u>
LONG-TERM PORTION	<u>\$1,290,795</u>	<u>\$11,398</u>	<u>\$32,530</u>

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

Note 6 - Pension Plans - City of Paducah:

The City provides retirement benefits to its employees through three pension funds. Two of these funds are single-employer defined benefit funds and are administered by the City. These funds are Police and Firefighter's Pension Fund (PFPF) and Appointive Employee' Pension Fund (AEPF). The other pension is a multi-employer public employee retirement fund administered by the Kentucky County Employees Retirement System (CERS). The City also participates in two deferred compensation plans. Information regarding these plans follows:

Single Employer Defined Benefit Funds

Accounting Policies

Basis of Accounting - The financial statements are prepared using the accrual basis of accounting. Plan member and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Funding - The Appointive Employee's Pension Fund Board and the City of Paducah Policeman and Firefighter's Pension Fund Board are responsible for establishing or amending contribution rates and requirements for their respective plans.

Valuation of Investments - Investments are reported at fair value. Investments are composed of securities valued at current market prices.

Plan Descriptions and Contribution Information

Membership of each plan consisted of the following at June 30, 2001, the date of the latest actuarial valuation:

	<u>PFPF</u>	<u>AEPF</u>
Plan membership:		
Active participants	8	-
Beneficiaries	40	11
Retired participants	<u>69</u>	<u>6</u>
Total participants	<u>117</u>	<u>17</u>

Police and Firefighters' Pension Fund

Plan Description: PFPF is a single-employer defined benefit plan. On August 1, 1988, the plan was closed to new entrants and current active duty police and firemen of the City were given a choice of remaining in this plan or transferring into the CERS. Effective August 1, 1988, the PFPF covered 21 active duty members; all other active duty members elected coverage under CERS. PFPF provides retirement, disability and death benefits to plan members and their beneficiaries. These benefits are determined by Kentucky Revised Statutes (KRS) sections 95.851 to 95.884. The plan financial statements are included in this audit report.

Contributions: Plan members are required to contribute 8% of their annual covered salary. A member reserve is established for member contributions, less amounts transferred to reserves for retirement and disability and amounts refunded to terminated employees.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

Note 6 – Pension Plans - City of Paducah:

Single Employer Defined Benefit Funds

Appointive Employees' Pension Fund

Plan Description: AEPF is a single-employer defined benefit plan which covers past appointed employees of the City. In 1975, the City froze admission of new entrants into the plan. There are no active participants in the plan at June 30, 2001. The plan financial statements are included in this audit report.

Contributions: Since there are only retired employees and beneficiaries receiving benefits, the City expects little or no additional pension obligation. The City has pledged to maintain benefits and the financial soundness of the plan by appropriations from the General Fund, as necessary.

Cost-Sharing Multiple-Employer Defined Benefit Plan

County Employees' Retirement System

Plan Description: The City is a participant in the County Employees Retirement System (CERS), a cost sharing, multi-employer public employee retirement system. CERS provides retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living adjustments are provided at the discretion of the State legislature. Kentucky Retirement Systems issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601-6124 or by calling 1-502-564-4646.

Funding Policy: Hazardous position employees are required to contribute 8% to the plan and nonhazardous position employees are required to contribute 5% of their creditable compensation by State statute. The City is required by the same statute to contribute the remaining amounts necessary to pay benefits when due. For the years ended June 30, 2001, 2000 and 1999, the City contributed 7.17%, 7.28%, and 8.22%, respectively, of each nonhazardous employee's creditable compensation and 16.78%, 17.55%, and 18.85%, respectively, of each hazardous employee's creditable compensation. These actuarially determined rates are set by the Board of Trustees of Kentucky Retirement Systems. The City's contributions to CERS for the years ending June 30, 2001, 2000 and 1999 were \$2,101,513, \$2,164,676, and \$2,292,524, respectively, equal to the required contributions for each year.

Note 7 – Fund Equity and Budget Deficits:

The following fund had a deficit in retained earnings at June 30, 2001:

	<u>Deficit Amount</u>
Health Insurance Fund	\$119,764

No departments which adopted budgets annually had excess expenditures over appropriations for the fiscal year ended June 30, 2001.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

Note 8 - Segment Information - Enterprise Fund:

The government maintains four enterprise funds which are intended to be self-supporting through user fees charged for services to the public. Financial segment information as of and for the year ended June 30, 2001, is presented as follows:

	<u>Solid Waste Fund</u>	<u>Wastewater/ Stormwater Fund</u>	<u>Civic Center Fund</u>	<u>TISA</u>	<u>Total</u>
Operating revenues	\$3,190,557	\$ -	\$ 22,296	\$ 73,400	\$3,286,253
Depreciation and amortization expense	328,963	-	14,287	48,027	391,277
Operating income (loss)	52,961	-	(17,656)	(38,509)	(3,204)
Operating transfers	(520)	-	10,000	12,541	22,021
Net income (loss)	127,267	-	(6,508)	(25,968)	94,791
Depreciation funded by contributed capital	-	-	5,400	48,027	53,427
Property, plant and equipment additions	142,921	-	3,546	-	146,467
Net working capital	1,430,449	-	24,047	22,059	1,476,555
Total assets	2,707,564	184,588	207,491	304,125	3,403,768
Total equity	2,495,656	-	203,666	278,947	2,978,269

Note 9 - Changes in Contributed Capital:

During the year, contributed capital changed by the following amounts:

	<u>Civic Center Fund</u>	<u>TISA</u>	<u>Fleet Lease Trust</u>
Contributed capital, July 1, 2000	\$172,800	\$304,915	\$381,523
Deduct:			
Depreciation allocable to contributed capital	(5,400)	(48,027)	-
CONTRIBUTED CAPITAL, JUNE 30, 2001	<u>\$167,400</u>	<u>\$256,888</u>	<u>\$381,523</u>

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

Note 10 - Individual Fund Operating Transfers:

Individual fund operating transfers were as follows for the year ended June 30, 2001:

<u>Fund</u>	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$ 591,720	4,276,337
Special Revenue Funds:		
CDBG Fund	787,475	50,910
Municipal Aid Fund	327,230	-
Emergency Communication Service Fund	77,418	-
Small Grant Fund	10,000	-
Court Awards Fund	-	165
Home Grant Fund	25,862	41,550
HUD Revolving Fund	92,461	5,322
Debt Service Fund	-	591,720
Capital Projects Funds:		
CIP Fund	1,720,701	-
Enterprise Funds:		
Solid Waste Fund	-	520
Civic Center Fund	10,000	-
TISA Fund	12,541	-
Internal Service Funds:		
Fleet Maintenance	166,000	-
Fleet Lease Trust	409,129	-
Fiduciary Funds:		
Appointive Employee Pension Fund	75,000	-
Police and Firemen's Pension Fund	660,987	-
 TOTALS	 <u>\$4,966,524</u>	 <u>\$4,966,524</u>

Note 11 - Component Unit Long-Term Debt:

Long-term debt of the discretely presented component units consists of the following at June 30, 2001:

Refunding Revenue Bonds of 1991 - Paducah Water Works

The City of Paducah, Kentucky Refunding Bonds, Series of 1991, in the amount of \$10,775,000 were issued for the purpose of defeasing certain bonds of the Revenue Refunding Bonds, Series of 1985. During the year ended June 30, 1998, Paducah Water Works refunded a portion (\$6,075,000) of the 1991 bond issue by issuing \$6,780,000 of 1997 revenue refunding bonds, Series 1997. At June 30, 2001, the total bonds that are considered extinguished under an in-substance defeasance (refund) is \$14,300,000. The bonds are secured by a first pledge of the revenues of Paducah Water Works. City bond ordinances require that net revenues, as defined in the ordinances, equal or exceed 130% of the maximum annual debt service. Payment of bonds and related interest is fully guaranteed by the Municipal Investors Assurance Corporation.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

Note 11 – Component Unit Long-Term Debt:

Refunding Revenue Bonds of 1991 – Paducah Water Works

The following schedule summarizes the debt service requirements for the Refunding Revenue Bonds, Series of 1991:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2002	\$ 775,000	\$ 337,689	\$1,112,689
2003	815,000	290,596	1,105,596
2004	855,000	254,636	1,109,636
2005	890,000	216,805	1,106,805
2006	925,000	177,205	1,102,205
Later years	3,035,000	276,460	3,311,460
Less deferred debit arising from advanced refunding	(473,685)	-	(473,685)
TOTALS	<u>\$6,821,315</u>	<u>\$1,553,391</u>	<u>\$8,374,706</u>

Note Payable, Kentucky Infrastructure Authority (KIA) – Paducah Water Works

In connection with a merger with Reidland Water District, Paducah Water Works assumed a loan from the KIA. Interest rates range from 2.5% to 5.75%, with a .2% annual service fee. The annual requirements to amortize the outstanding debt as of June 30, 2001, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Fee (0.2%)</u>	<u>Total</u>
2002	\$ 21,781	\$ 19,920	\$ 717	\$ 42,418
2003	22,653	18,809	673	42,135
2004	24,321	17,631	628	42,580
2005	25,648	16,354	579	42,581
2006	26,974	14,976	528	42,478
Later years	<u>237,020</u>	<u>57,343</u>	<u>2,000</u>	<u>296,363</u>
TOTALS	<u>\$358,397</u>	<u>\$145,033</u>	<u>\$5,125</u>	<u>\$508,555</u>

Paducah Electric Plant Board 1991 Bond Issue

In 1991, bonds amounting to \$4,725,000 were issued to make improvements to the Paducah Power sub-station and renovation of the building that houses the System's offices, warehouse and storage. All assets of the System are pledged as collateral to the bond issue. Interest rates range from 6.25% to 6.30%.

On November 1, 1998, the Utility issued \$3.35 million in special revenue refunding bonds with interest rates between 3.60% and 4.20%. The Utility issued the bonds to advance refund \$3.06 million of the outstanding Series 1991 general obligation bonds with a 6.30% interest rate and were secured by all assets of the Utility. The Utility used the net proceeds along with other resources to purchase the U. S. Government Securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 1991 Series bonds maturing on or after January 1, 2002. As a result, that portion of the 1991 Series bonds is considered defeased and the Utility has removed the liability from its books.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

Note 11 – Component Unit Long-Term Debt:

The following schedule summarizes the remaining debt service requirements:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2002	\$ 275,000	\$132,948	\$ 407,948
2003	285,000	122,635	407,635
2004	295,000	111,235	406,235
2005	310,000	99,435	409,435
2006	320,000	87,035	407,035
Later years	<u>1,800,000</u>	<u>230,670</u>	<u>2,030,670</u>
TOTALS	<u>\$3,285,000</u>	<u>\$783,958</u>	<u>\$4,068,958</u>

Bonds payable totaling \$3,016,159 are recorded net of \$268,841 unamortized bond discount and advance refunding deferred charges.

Note 12 - Commitments and Contingencies:

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Note 13 - Risk Management and Litigation:

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City obtains coverage from commercial insurance companies to handle the risk of loss. There have been no decreases in insurance coverage from the prior year. There have been no settlements in excess of insurance coverage during the prior three years.

An analysis of claims activity is presented below:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Actual Claim Payments</u>	<u>Balance at Fiscal Year End</u>
1995 - 1996	\$ -	\$ 67,615	\$ 67,615	\$ -
1996 - 1997	-	85,326	85,326	-
1997 - 1998	-	96,101	96,101	-
1998 - 1999	-	26,457	26,457	-
1999 - 2000	-	26,455	26,455	-
2000 - 2001	-	102,380	102,380	-

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

Note 13 - Risk Management and Litigation:

During fiscal year 1999, the City established the Health Insurance Fund (an internal service fund) to account for and finance employee medical costs relating to the City's employee self-insured medical benefit plan that went into effect as of July 1, 1999. The health insurance provides coverage for up to \$80,000 for each covered individual. The City purchases commercial insurance (reinsurance) for claims in excess of the coverage provided per individual or in excess of the maximum aggregate limit of \$2,000,000. Self-insurance costs are accrued based on claims reported within 90 days of the balance sheet date as well as an estimated liability for claims incurred but not reported. The total accrued liability for self-insurance costs was \$285,000 at June 30, 2001.

The analysis of claims activity is presented below:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Actual Claim Payments</u>	<u>Balance at Fiscal Year End</u>
1999 - 2000	\$ -	\$1,874,033	\$1,874,033	\$ -
2000 - 2001	-	2,636,969	2,351,969	285,000

Several lawsuits are pending involving citizens' complaints and the City of Paducah. Various allegations have been made seeking damages which the legal counsel of the City, along with its management, have determined to be immaterial to the City's financial position.

Note 14 - Lease Agreements:

The City leases certain property to various lessees under agreements which have various expiration dates through June 30, 2079. Rental revenue received from leased property during 2001, totaled \$210,000. The following is a schedule of future minimum rental income from operating leases at June 30, 2001:

	<u>Lease Income</u>
2002	\$ 230,500
2003	248,000
2004	258,000
2005	268,000
2006	198,000
Future years	<u>666,500</u>
TOTAL MINIMUM LEASE RECEIPTS	<u>\$1,869,000</u>

Note 15 - Reclassification of Beginning Fund Balance:

A reclassification was made to the following beginning fund balance as follows:

	<u>Special Revenue Fund</u>
June 30, 2000, balance as previously reported	\$ 204,332
Section 8 Housing adjustment to beginning balance	<u>31,661</u>
JULY 1, 2000, BALANCE AS RESTATED	<u>\$ 235,993</u>

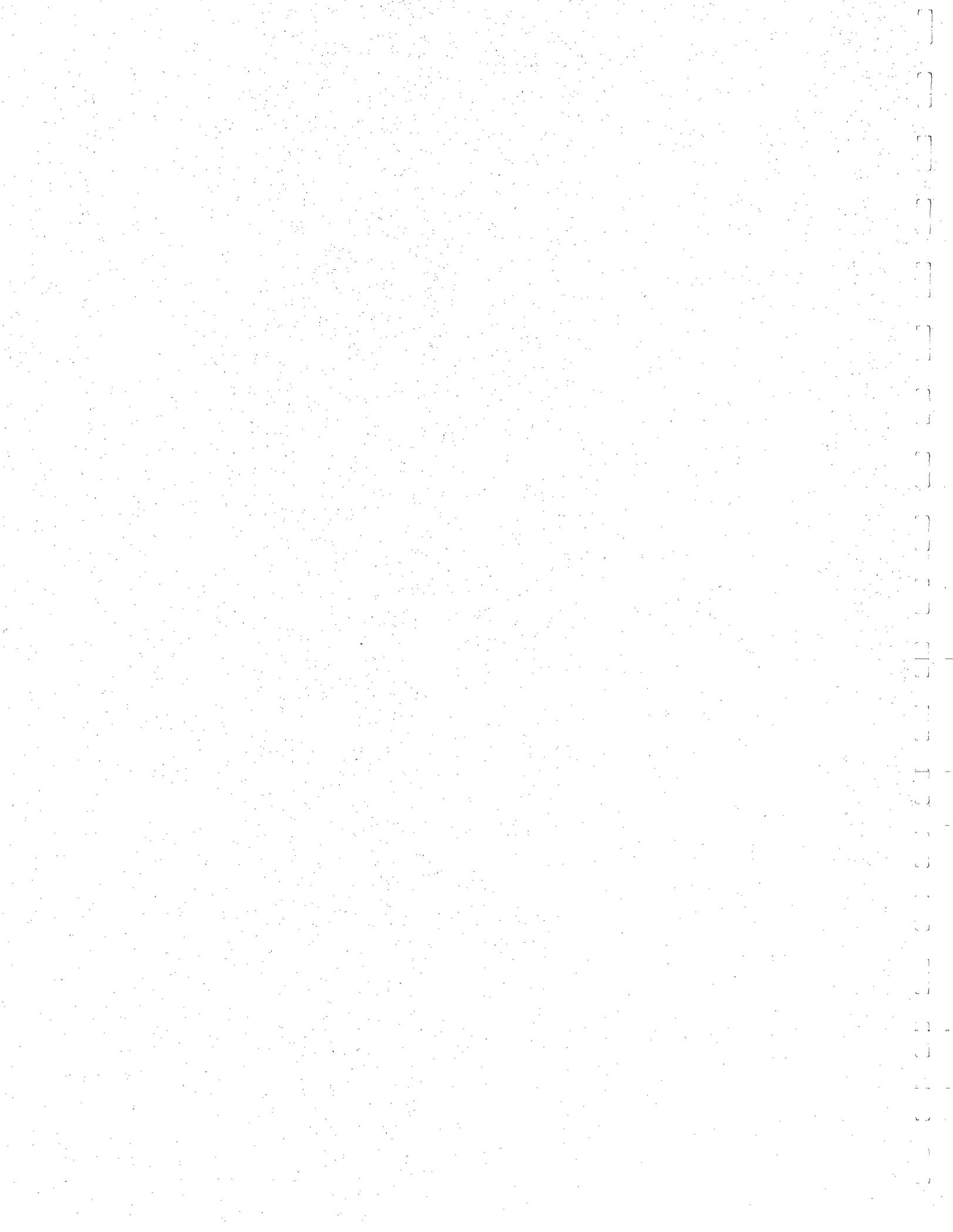
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CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

Note 16 – New Reporting Standard:

In June, 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it will require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in all prior years will be affected. The City is required to implement this standard for the fiscal year ending June 30, 2003. The effect this standard has on the City has not been fully determined.

REQUIRED SUPPLEMENTAL INFORMATION



CITY OF PADUCAH, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
PENSION TRUST FUNDS SCHEDULES

Schedules of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
Police and Firefighters' Pension Fund (PFPF) (Using Entry Age Normal Method)						
7/1/1999	\$11,949,160	\$16,011,730	\$4,062,570	74.6%	\$332,825	1220.63%
7/1/2000	11,914,754	15,923,034	4,008,280	74.8	345,500	1160.14
7/1/2001	11,346,128	15,724,236	4,378,108	72.2	356,406	1228.40

Appointive Employees' Pension Fund (AEPF) (Using Aggregate Actuarial Method)

The Aggregate Cost Method is used for the AEPF; therefore, a schedule of funding progress is not required.

Schedules of Employer Contributions

<u>Year Ended June 30</u>	<u>PFPF</u>		<u>AEPF</u>		
	<u>Annual Required Contribution (ARC)</u>	<u>Percent ARC Contributed</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percent ARC Contributed</u>	<u>Ending Net Pension Obligation (NPO)</u>
1999	\$593,776	100%	\$72,984	103%	\$(186,860)
2000	649,274	100	66,716	112	(182,405)
2001	865,026	100	62,029	121	(182,940)

Components of Annual Pension Cost (AEPF)

<u>Component</u>	<u>Year Ended June 30, 2001</u>	<u>Year Ended June 30, 2000</u>	<u>Year Ended June 30, 1999</u>
Beginning NPO balance	<u>\$(182,405)</u>	<u>\$(186,860)</u>	<u>\$(198,368)</u>
ARC	62,029	66,716	72,984
Interest on NPO	(10,944)	(11,212)	(11,902)
Unfunded ARC adjustment	<u>23,380</u>	<u>23,951</u>	<u>25,426</u>
Pension cost	74,465	79,455	86,508
Less actual contribution	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>
Net change in NPO	<u>(535)</u>	<u>4,455</u>	<u>11,508</u>
ENDING NPO BALANCE	<u>\$(182,940)</u>	<u>\$(182,405)</u>	<u>\$(186,860)</u>

(Continued)

CITY OF PADUCAH, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
PENSION TRUST FUNDS SCHEDULES

Notes to Supplementary Schedules:

	<u>PFPF</u>	<u>AEPF</u>
	7/1/01	7/1/01
Valuation date		
Actuarial cost method	Entry age normal	Aggregate (1)
Amortization method	Level dollar closed	Level dollar closed
Remaining amortization period	31 Years	10 Years
Asset valuation method	Market value	Market value
Actuarial assumptions:		
Investment rate of return	8.0%	6.0%
Projected salary increases	4.0%	(2)
Inflation rates adjustments	2.0%	(2)

- (1) The Aggregate Method does not identify or separately amortize the unfunded actuarial liabilities.
- (2) The plan has no active participants. The pension cost for each year is determined as an amortization of the unfunded actuarial accrued liability over the lesser of 10 years or the weighted average of expected term of payment of plan benefits.

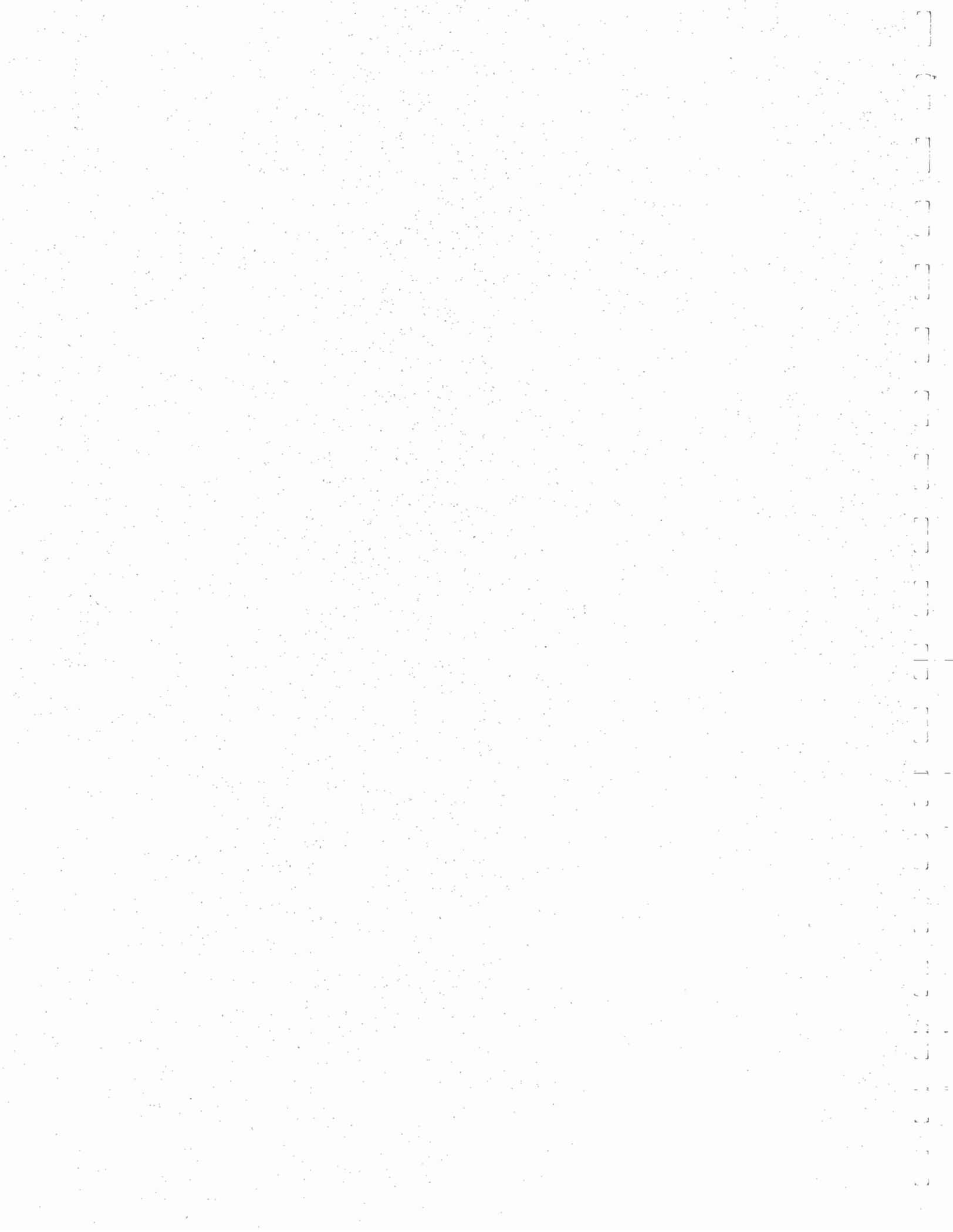
CITY OF PADUCAH, KENTUCKY

FINANCIAL STATEMENTS

GENERAL FUND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2001



GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

CITY OF PADUCAH, KENTUCKY
GENERAL FUND
BALANCE SHEET
JUNE 30, 2001

ASSETS

Cash	\$2,233,626
Investments	2,568,830
Receivables:	
Accounts	84,510
Grants	76,319
Interest	52,550
Due from other funds	346,734
	<hr/>
TOTAL ASSETS	<u>\$5,362,569</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Voucher and accounts payable	\$ 377,868
Accrued payroll	502,596
Deferred revenues	3,162
Accrued compensated absences	236,557
Due to other funds	13,009
	<hr/>
Total liabilities	1,133,192
Fund Balance:	
Fund balance:	
Unreserved:	
Undesignated	4,229,377
	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$5,362,569</u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2001

Revenues:	
Taxes	\$ 4,736,568
Licenses and permits	16,705,030
Charges for services	578,482
Grants	723,626
Interest	358,987
Other	507,481
	<hr/>
Total revenues	23,610,174
	<hr/>
Expenditures:	
General government	3,386,330
Public safety	10,530,012
Public service	4,872,587
Recreation	738,401
Other	99,657
	<hr/>
Total expenditures	19,626,987
	<hr/>
Excess of revenues over expenditures	3,983,187
	<hr/>
Other Financing Sources (Uses):	
Operating transfers in	591,720
Operating transfers out	(4,276,337)
	<hr/>
Total other financing sources (uses)	(3,684,617)
	<hr/>
Excess of revenues and other financing sources over (under) expenditures and other uses	298,570
	<hr/>
Fund balance, July 1, 2000	3,930,807
	<hr/>
FUND BALANCE, JUNE 30, 2001	\$ 4,229,377
	<hr/> <hr/>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
GENERAL FUND
DETAIL STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2000

Revenues:	2001 Budget	2001 Actual	Variance- Favorable (Unfavorable)	2000 Actual
Taxes:				
Real and personal, current year	\$ 3,887,010	\$ 3,973,898	\$ 86,888	\$ 3,982,872
Real and personal, prior year	105,800	157,508	51,708	135,215
Franchise	250,785	257,095	6,310	211,860
Bank taxes	175,605	175,607	2	189,949
In lieu of tax payment	136,860	136,864	4	119,938
Penalty, interest and advertising	35,595	35,596	1	19,368
Total taxes	4,591,655	4,736,568	144,913	4,659,202
Licenses:				
Business licenses	3,123,755	3,201,444	77,689	3,003,546
Employee earnings	9,521,140	9,603,106	81,966	9,451,473
Comcast fees	258,955	258,957	2	239,615
Penalties	84,690	84,692	2	70,636
Alcoholic beverages	25,715	28,178	2,463	84,085
Insurance premium tax	3,416,875	3,416,875	-	2,968,927
Building permits	81,520	81,522	2	111,370
Electrical permits	19,825	19,827	2	31,879
Zoning change fees	5,265	5,267	2	6,637
Miscellaneous building and electrical fees	5,160	5,162	2	2,828
Total licenses	16,542,900	16,705,030	162,130	15,970,996
Charges for Services:				
Tax collection fee	111,495	113,759	2,264	111,302
Administrative charge	160,080	160,084	4	160,083
Base court revenue	168,750	168,752	2	168,752
Recreation fees	135,885	135,887	2	126,008
Total charges for services	576,210	578,482	2,272	566,145

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
GENERAL FUND
DETAIL STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2000

	<u>2001 Budget</u>	<u>2001 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>2000 Actual</u>
Grants:				
Police State Incentive	\$ 225,595	\$ 245,509	\$ 19,914	\$ 243,402
Fire State Incentive	268,620	268,622	2	290,253
Paducah Housing Authority after school program	14,260	25,585	11,325	57,776
Police supplemental grants	174,775	174,778	3	304,878
FEMA funding	8,130	8,132	2	70,406
NFL youth football	1,000	1,000	-	-
Total grants	<u>692,380</u>	<u>723,626</u>	<u>31,246</u>	<u>966,715</u>
Interest	<u>358,985</u>	<u>358,987</u>	<u>2</u>	<u>386,764</u>
Other:				
Property rent and sales	335,180	335,180	-	449,364
Property upkeep and maintenance	123,685	123,695	10	111,570
Miscellaneous	48,600	48,606	6	42,677
Total other	<u>507,465</u>	<u>507,481</u>	<u>16</u>	<u>603,611</u>
Total revenues	<u>23,269,595</u>	<u>23,610,174</u>	<u>340,579</u>	<u>23,153,433</u>

CITY OF PADUCAH, KENTUCKY
GENERAL FUND
DETAIL STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2000

Expenditures:	2001 Budget	2001 Actual	Variance- Favorable (Unfavorable)	2000 Actual
General Government:				
General Administration:				
Mayor and commissioners	\$ 185,400	\$ 185,127	\$ 273	\$ 162,757
City Manager	261,600	261,259	341	228,054
City clerk	136,145	136,081	64	118,405
Corporate counsel	227,770	227,593	177	256,689
Non-departmental	248,000	247,998	2	224,000
Memberships and contingency	403,650	25,285	378,365	42,748
Alcoholic beverage control	3,635	3,631	4	6,228
Civic beautification	28,105	28,061	44	19,020
Total general administration	<u>1,494,305</u>	<u>1,115,035</u>	<u>379,270</u>	<u>1,057,901</u>
Finance:				
Finance administration	133,840	133,757	83	125,176
Accounting and payroll	272,525	272,364	161	261,556
Revenue collection	259,255	259,238	17	242,822
Total finance	<u>665,620</u>	<u>665,359</u>	<u>261</u>	<u>629,554</u>
Planning:				
Administration	180,372	179,727	645	186,310
Planning	140,852	140,736	116	81,340
Grants	95,796	95,690	106	135,442
Economic development	108,115	108,112	3	105,070
Information systems	-	-	-	119,591
Total planning	<u>525,135</u>	<u>524,265</u>	<u>870</u>	<u>627,753</u>
Human rights	<u>88,745</u>	<u>88,343</u>	<u>402</u>	<u>90,374</u>
Personnel	<u>208,350</u>	<u>207,988</u>	<u>362</u>	<u>226,717</u>
Inspection:				
Inspection administration	206,630	206,328	302	268,049
Construction	216,035	215,902	133	149,457
Code enforcement	229,270	229,124	146	386,896
Total inspection	<u>651,935</u>	<u>651,354</u>	<u>581</u>	<u>804,402</u>
Information systems	<u>133,990</u>	<u>133,986</u>	<u>4</u>	<u>-</u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
GENERAL FUND
DETAIL STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2000

	<u>2001 Budget</u>	<u>2001 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>2000 Actual</u>
Public Safety:				
Police:				
Police administration	\$ 805,460	\$ 805,233	\$ 227	\$ 752,724
Patrol	3,649,940	3,649,664	276	3,560,176
Investigations	985,920	974,708	11,212	863,946
Crime prevention/media relations	283,250	282,961	289	300,219
Total police	<u>5,724,570</u>	<u>5,712,566</u>	<u>12,004</u>	<u>5,477,065</u>
Fire:				
Fire administration	194,120	194,119	1	192,260
Suppression	4,355,275	4,355,093	182	4,371,890
Prevention	155,470	155,298	172	150,446
Training	112,985	112,936	49	172,195
Total fire	<u>4,817,850</u>	<u>4,817,446</u>	<u>404</u>	<u>4,886,791</u>
Public Service:				
Public works:				
Public Works Administration	54,005	53,991	14	-
Street maintenance	1,874,545	1,874,491	54	1,705,035
Street lighting	398,635	398,631	4	390,021
Facility maintenance	490,230	490,046	184	491,003
Custodial service	191,925	191,916	9	173,103
Landscape maintenance	1,041,710	1,041,707	3	86,462
Summer youth program	90,050	90,035	15	100,960
Total public works	<u>4,141,100</u>	<u>4,140,817</u>	<u>283</u>	<u>2,946,584</u>
Engineering services:				
Engineering services	391,065	390,891	174	347,733
Flood control	340,880	340,879	1	309,534
Total engineering services	<u>731,945</u>	<u>731,770</u>	<u>175</u>	<u>657,267</u>

CITY OF PADUCAH, KENTUCKY
GENERAL FUND
DETAIL STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2000

	<u>2001 Budget</u>	<u>2001 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>2000 Actual</u>
Recreation:				
Recreation administration	\$ 362,425	\$ 362,239	\$ 186	\$ 350,733
Grounds and cemetery maintenance	-	-	-	976,395
Pools and recreation	<u>376,165</u>	<u>376,162</u>	<u>3</u>	<u>334,434</u>
Total parks	<u>738,590</u>	<u>738,401</u>	<u>189</u>	<u>1,661,562</u>
Other:				
Cable authority	<u>99,750</u>	<u>99,657</u>	<u>93</u>	<u>95,082</u>
Total expenditures	<u>20,021,885</u>	<u>19,626,987</u>	<u>394,898</u>	<u>19,161,052</u>
Excess of revenues over expenditures	<u>3,247,710</u>	<u>3,983,187</u>	<u>735,477</u>	<u>3,992,381</u>
Other Financing Sources (Uses):				
Operating transfers in	591,720	591,720	-	38,613
Operating transfers out	<u>(4,276,340)</u>	<u>(4,276,337)</u>	<u>3</u>	<u>(4,017,544)</u>
Total other financing sources (uses)	<u>(3,684,620)</u>	<u>(3,684,617)</u>	<u>3</u>	<u>(3,978,931)</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$ (436,910)</u>	298,570	<u>\$735,480</u>	13,450
Fund balance, beginning of year, as previously reported		3,930,807		4,498,239
Residual equity transfers from (to) other funds		<u>-</u>		<u>(580,882)</u>
FUND BALANCE, END OF YEAR		<u>\$ 4,229,377</u>		<u>\$ 3,930,807</u>

See auditor's report on page 13.

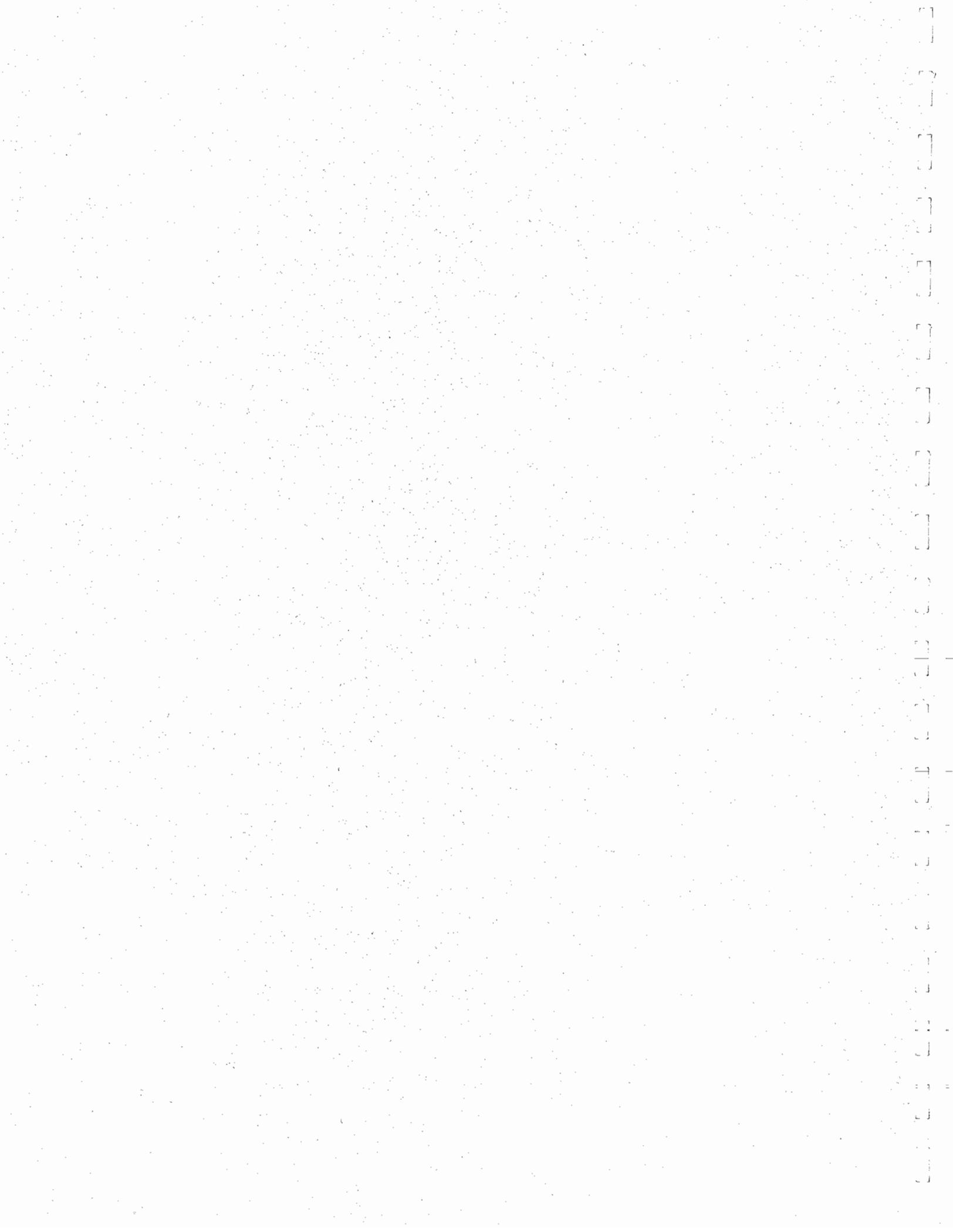
CITY OF PADUCAH, KENTUCKY

FINANCIAL STATEMENTS

SPECIAL REVENUE FUNDS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2001



SPECIAL REVENUE FUNDS

Municipal Aid Program - to account for revenues and expenditures of Kentucky gas tax refunds.

Emergency Communication Service Fund - to account for revenues associated with 911 program.

Court Awards Fund - to account for revenues associated with judicial system confiscations.

Federal, State, and Local Grants - to account for the grant programs awarded to the City of Paducah from agencies of the Federal Government and the Commonwealth of Kentucky.

CITY OF PADUCAH, KENTUCKY
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2001

<u>ASSETS</u>	Municipal Aid Program	Emergency Communication Service Fund	Court Awards Fund	Federal, State, and Local Grants	Combined Total
Cash	\$ 506,370	\$ 95,343	\$113,228	\$ 935,264	\$1,650,205
Investments	650,000	-	-	-	650,000
Receivables:					
Accounts	-	53,221	-	24,704	77,925
Grants	-	-	-	164,398	164,398
Interest	22,615	-	-	-	22,615
TOTAL ASSETS	<u>\$1,178,985</u>	<u>\$ 148,564</u>	<u>\$113,228</u>	<u>\$1,124,366</u>	<u>\$2,565,143</u>
 <u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Voucher and accounts payable	\$ 98,731	\$ 25,620	\$ 49,263	\$ 174,742	\$ 348,356
Accrued payroll and payroll taxes	-	19,709	-	10,940	30,649
Due to other funds	-	-	-	209,652	209,652
Deferred revenues	-	(165)	-	125,011	124,846
Total liabilities	<u>98,731</u>	<u>45,164</u>	<u>49,263</u>	<u>520,345</u>	<u>713,503</u>
Fund Equity:					
Fund balance:					
Reserved for program purposes	-	-	-	604,021	604,021
Unreserved:					
Designated for street improvement	1,080,254	-	-	-	1,080,254
Undesignated	-	103,400	63,965	-	167,365
Total fund equity	<u>1,080,254</u>	<u>103,400</u>	<u>63,965</u>	<u>604,021</u>	<u>1,851,640</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$1,178,985</u>	<u>\$ 148,564</u>	<u>\$113,228</u>	<u>\$1,124,366</u>	<u>\$2,565,143</u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2001

	Municipal Aid Program	Emergency Communication Service Fund	Court Awards Fund	Federal, State, and Local Grants	Combined Total
Revenues:					
Charges for services	\$ -	\$ 753,798	\$ -	\$ -	\$ 753,798
Intergovernmental	437,439	-	12,973	-	450,412
Grants	-	-	-	2,201,418	2,201,418
Interest	77,611	-	6,335	13,597	97,543
Other	-	67,925	24,795	156,020	248,740
Total revenues	515,050	821,723	44,103	2,371,035	3,751,911
Expenditures:					
Current:					
Public safety	-	848,976	40,775	159,891	1,049,642
Public services	1,050,543	-	-	-	1,050,543
Planning and development	-	-	-	2,784,725	2,784,725
Total expenditures	1,050,543	848,976	40,775	2,944,616	4,884,910
Excess of revenues over (under) expenditures	(535,493)	(27,253)	3,328	(573,581)	(1,132,999)
Other Financing Sources (Uses):					
Operating transfers in	327,230	77,418	-	915,798	1,320,446
Operating transfers out	-	-	(165)	(97,782)	(97,947)
Total other financing sources (uses)	327,230	77,418	(165)	818,016	1,222,499
Excess of revenues and other financing sources over (under) expenditures and other uses	(208,263)	50,165	3,163	244,435	89,500
Fund balances, July 1, 2000 as previously reported	1,288,517	53,235	60,802	327,925	1,730,479
Adjustment to beginning fund balance	-	-	-	31,661	31,661
FUND BALANCES, JUNE 30, 2001	\$1,080,254	\$ 103,400	\$63,965	\$ 604,021	\$1,851,640

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
FEDERAL, STATE, AND LOCAL GRANTS
COMBINING BALANCE SHEET
JUNE 30, 2001

<u>ASSETS</u>	<u>Small Grant Fund</u>	<u>CDBG Fund</u>	<u>HOPE 3 Grant Fund</u>	<u>Home Grant Fund</u>	<u>HUD Revolving Grant Fund</u>
Cash	\$15,389	\$137,276	\$176,345	\$ -	\$171,931
Receivables:					
Accounts	-	-	-	-	-
Grants	13	75,660	-	37,832	-
TOTAL ASSETS	<u>\$15,402</u>	<u>\$212,936</u>	<u>\$176,345</u>	<u>\$37,832</u>	<u>\$171,931</u>
 <u>LIABILITIES AND FUND EQUITY</u>					
Voucher and accounts payable	\$ -	\$112,936	\$ -	\$ -	\$ 16,093
Accrued payroll and payroll taxes	-	-	-	-	-
Due to other funds	15,402	100,000	-	37,832	-
Deferred revenues	-	-	-	-	-
Total liabilities	<u>15,402</u>	<u>212,936</u>	<u>-</u>	<u>37,832</u>	<u>16,093</u>
Fund balance reserved for program purposes	-	-	176,345	-	155,838
TOTAL LIABILITIES AND FUND BALANCES	<u>\$15,402</u>	<u>\$212,936</u>	<u>\$176,345</u>	<u>\$37,832</u>	<u>\$171,931</u>

See auditor's report on page 13.

PHA Police Grant Fund	Section Eight Housing	Combined Total
\$ -	\$434,323	\$ 935,264
-	24,704	24,704
<u>14,633</u>	<u>36,260</u>	<u>164,398</u>
<u>\$14,633</u>	<u>\$495,287</u>	<u>\$1,124,366</u>
\$ -	\$ 45,713	\$ 174,742
-	10,940	10,940
14,633	41,785	209,652
-	125,011	125,011
<u>14,633</u>	<u>223,449</u>	<u>520,345</u>
-	271,838	604,021
<u>\$14,633</u>	<u>\$495,287</u>	<u>\$1,124,366</u>

CITY OF PADUCAH, KENTUCKY
FEDERAL, STATE, AND LOCAL GRANTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2001

	Small Grant Fund	CDBG Grant	HOPE 3 Grant Fund	Home Grant Fund	HUD Revolving Grant Fund
Revenues:					
Grants	\$ 8,715	\$163,985	\$ -	\$ 432,695	\$ -
Interest	-	-	-	-	5,885
Other	-	-	142,387	9,000	4,516
Total revenues	<u>8,715</u>	<u>163,985</u>	<u>142,387</u>	<u>441,695</u>	<u>10,401</u>
Expenditures:					
Public safety	-	-	-	-	-
Planning and development	24,338	900,550	-	426,007	25,714
Total expenditures	<u>24,338</u>	<u>900,550</u>	<u>-</u>	<u>426,007</u>	<u>25,714</u>
Excess of revenues over (under) expenditures	<u>(15,623)</u>	<u>(736,565)</u>	<u>142,387</u>	<u>15,688</u>	<u>(15,313)</u>
Other Financing Sources (Uses):					
Operating transfers in	10,000	787,475	-	25,862	92,461
Operating transfers out	-	(50,910)	-	(41,550)	(5,322)
Total other financing sources (uses)	<u>10,000</u>	<u>736,565</u>	<u>-</u>	<u>(15,688)</u>	<u>87,139</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	(5,623)	-	142,387	-	71,826
Fund balances, July 1, 2000, as previously reported	5,623	-	33,958	-	84,012
Adjustment to beginning fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2001	<u>\$ -</u>	<u>\$ -</u>	<u>\$176,345</u>	<u>\$ -</u>	<u>\$ 155,838</u>

See auditor's report on page 13.

PHA Police Grant Fund	Section Eight Housing	Combined Total
\$159,891	\$1,436,132	\$2,201,418
-	7,712	13,597
-	117	156,020
<u>159,891</u>	<u>1,443,961</u>	<u>2,371,035</u>
159,891	-	159,891
-	1,408,116	2,784,725
<u>159,891</u>	<u>1,408,116</u>	<u>2,944,616</u>
-	35,845	(573,581)
-	-	915,798
-	-	(97,782)
-	-	818,016
-	35,845	244,435
-	204,332	327,925
-	31,661	31,661
<u>\$ -</u>	<u>\$ 271,838</u>	<u>\$ 604,021</u>

CITY OF PADUCAH, KENTUCKY
BUDGETED SPECIAL REVENUE FUNDS TOTALS
DETAIL STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
Charges for services	\$ 753,635	\$ 753,798	\$ 163
Intergovernmental	450,405	450,412	7
Grants	712,315	765,286	52,971
Interest	73,060	89,831	16,771
Other	248,620	248,623	3
	<u>2,238,035</u>	<u>2,307,950</u>	<u>69,915</u>
Total revenues			
Expenditures:			
Public safety	1,049,905	1,049,642	263
Public services	1,050,545	1,050,543	2
Planning and development	1,376,614	1,376,609	5
	<u>3,477,064</u>	<u>3,476,794</u>	<u>270</u>
Total expenditures			
Excess of revenues over (under) expenditures	<u>(1,239,029)</u>	<u>(1,168,844)</u>	<u>70,185</u>
Other Financing Sources (Uses):			
Operating transfers in	1,267,740	1,320,446	52,706
Operating transfers out	(97,951)	(97,947)	4
	<u>1,169,789</u>	<u>1,222,499</u>	<u>52,710</u>
Total other financing sources (uses)			
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$ (69,240)</u>	53,655	<u>\$122,895</u>
Fund balance, July 1, 2000		<u>1,526,147</u>	
FUND BALANCE, JUNE 30, 2001		<u><u>\$1,579,802</u></u>	

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
MUNICIPAL AID PROGRAM FUND
DETAIL STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 437,435	\$ 437,439	\$ 4
Interest	60,150	77,611	17,461
	<u>497,585</u>	<u>515,050</u>	<u>17,465</u>
Expenditures:			
Public services	1,050,545	1,050,543	2
Excess of revenues over (under) expenditures	(552,960)	(535,493)	17,467
Other Financing Sources (Uses):			
Operating transfers in	327,230	327,230	-
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$ (225,730)</u>	(208,263)	<u>\$ 17,467</u>
Fund balance July 1, 2000		<u>1,288,517</u>	
FUND BALANCE, JUNE 30, 2001		<u><u>\$1,080,254</u></u>	

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
EMERGENCY COMMUNICATION SERVICE FUND
DETAIL STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues:			
Local contributions	\$ 67,925	\$ 67,925	\$ -
Telephone surcharges	<u>753,635</u>	<u>753,798</u>	<u>163</u>
Total revenues	<u>821,560</u>	<u>821,723</u>	<u>163</u>
Expenditures:			
Public safety	<u>849,120</u>	<u>848,976</u>	<u>144</u>
Excess of revenues over (under) expenditures	(27,560)	(27,253)	307
Other Financing Sources (Uses):			
Operating transfers in	<u>77,420</u>	<u>77,418</u>	<u>(2)</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$ 49,860</u>	50,165	<u>\$ 305</u>
Fund balance, July 1, 2000		<u>53,235</u>	
FUND BALANCE, JUNE 30, 2001		<u>\$103,400</u>	

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
COURT AWARDS FUND
DETAIL STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$12,970	\$12,973	\$ 3
Court awarded forfeitures	24,795	24,795	-
Interest	6,335	6,335	-
	<u>44,100</u>	<u>44,103</u>	<u>3</u>
Expenditures:			
Public safety	40,855	40,775	80
Excess of revenues over (under) expenditures	3,245	3,328	83
Other Financing Sources (Uses):			
Operating transfers out	<u>(165)</u>	<u>(165)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$ 3,080</u>	3,163	<u>\$ 83</u>
Fund balance, July 1, 2000		<u>60,802</u>	
FUND BALANCE, JUNE 30, 2001		<u>\$63,965</u>	

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
SMALL GRANT FUND
DETAIL STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues:			
Grants	<u>\$ 8,715</u>	<u>\$ 8,715</u>	<u>\$ -</u>
Expenditures:			
Planning and development	<u>24,340</u>	<u>24,338</u>	<u>2</u>
Excess of revenues over (under) expenditures	(15,625)	(15,623)	2
Other Financing Sources (Uses):			
Operating transfers in	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u><u>\$(5,625)</u></u>	(5,623)	<u><u>\$ 2</u></u>
Fund balance, July 1, 2000		<u>5,623</u>	
FUND BALANCE, JUNE 30, 2001		<u><u>\$ -</u></u>	

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
CDBG FUND
DETAIL STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues:			
Grants	<u>\$ 163,985</u>	<u>\$ 163,985</u>	<u>\$ -</u>
Expenditures:			
Planning and development	<u>900,550</u>	<u>900,550</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(736,565)</u>	<u>(736,565)</u>	<u>-</u>
Other Financing Sources (Uses):			
Operating transfers in	787,475	787,475	-
Operating transfers out	<u>(50,910)</u>	<u>(50,910)</u>	<u>-</u>
Total other financing sources (uses)	<u>736,565</u>	<u>736,565</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, July 1, 2000		<u>-</u>	
FUND BALANCE, JUNE 30, 2001		<u>\$ -</u>	

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
HOPE 3 IMPLEMENTATION GRANT FUND
DETAIL STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
Other	<u>\$142,385</u>	<u>\$142,387</u>	<u>\$ 2</u>
Expenditures:			
Planning and development	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>\$142,385</u>	142,387	<u>\$ 2</u>
Fund balance, July 1, 2000		<u>33,958</u>	
FUND BALANCE, JUNE 30, 2001		<u>\$176,345</u>	

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
HOME GRANT FUND
DETAIL STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues:			
Grants	\$379,725	\$432,695	\$ 52,970
Other	9,000	9,000	-
Total revenues	<u>388,725</u>	<u>441,695</u>	<u>52,970</u>
Expenditures:			
Planning and development	426,009	426,007	2
Excess of revenues over (under) expenditures	<u>(37,284)</u>	<u>15,688</u>	<u>52,972</u>
Other Financing Sources (Uses):			
Operating transfers in	16,565	25,862	9,297
Operating transfers out	(41,551)	(41,550)	1
Total other financing sources (uses)	<u>(24,986)</u>	<u>(15,688)</u>	<u>9,298</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u><u>\$(62,270)</u></u>	-	<u><u>\$ 62,270</u></u>
Fund balance, July 1, 2000		<u>-</u>	
FUND BALANCE, JUNE 30, 2001		<u><u>\$ -</u></u>	

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
HUD REVOLVING GRANT FUND
DETAIL STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues:			
Interest	\$ 6,575	\$ 5,885	\$ (690)
Other	4,515	4,516	1
Total revenues	<u>11,090</u>	<u>10,401</u>	<u>(689)</u>
Expenditures:			
Planning and development	<u>25,715</u>	<u>25,714</u>	<u>1</u>
Excess of revenues over (under) expenditures	<u>(14,625)</u>	<u>(15,313)</u>	<u>(688)</u>
Other Financing Sources (Uses):			
Operating transfers in	49,050	92,461	43,411
Operating transfers out	<u>(5,325)</u>	<u>(5,322)</u>	<u>3</u>
Total other financing sources (uses)	<u>43,725</u>	<u>87,139</u>	<u>43,414</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$ 29,100</u>	71,826	<u>\$42,726</u>
Fund balance, July 1, 2000		<u>84,012</u>	
FUND BALANCE, JUNE 30, 2001		<u>\$155,838</u>	

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
PADUCAH HOUSING AUTHORITY POLICE GRANT FUND
DETAIL STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
Grants	<u>\$159,890</u>	<u>\$159,891</u>	<u>\$ 1</u>
Expenditures:			
Public safety	<u>159,930</u>	<u>159,891</u>	<u>39</u>
Excess of revenues over (under) expenditures	<u>\$ (40)</u>	-	<u>\$40</u>
Fund balance, July 1, 2000		<u>-</u>	
FUND BALANCE, JUNE 30, 2001		<u>\$ -</u>	

See auditor's report on page 13.

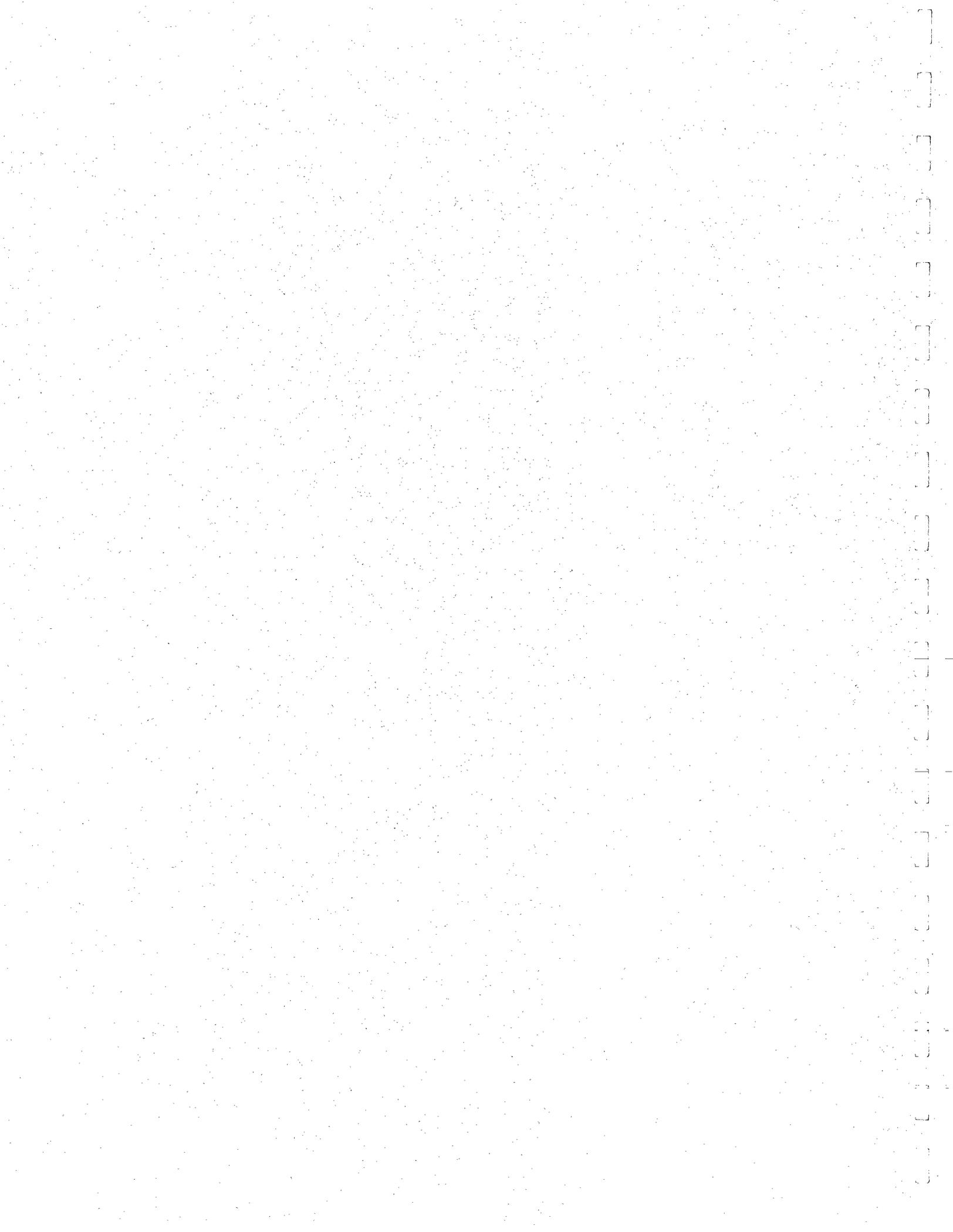
CITY OF PADUCAH, KENTUCKY

FINANCIAL STATEMENTS

DEBT SERVICE FUND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2001



DEBT SERVICE FUND

To account for the payment of public project bond principal and interest, public improvement loan principal and interest, and capital lease payments.

**CITY OF PADUCAH, KENTUCKY
DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2001**

ASSETS

Cash	\$ 1,434
Notes receivable	232,833
TOTAL ASSETS	<u>234,267</u>

LIABILITIES AND FUND EQUITY

Liabilities:

Deferred revenues	\$ 1,283
Matured interest coupons unpaid	344
Total liabilities	<u>1,627</u>

Fund Equity:

Fund balance:	
Unreserved:	
Designated for debt service	<u>232,640</u>

TOTAL LIABILITIES AND EQUITY	<u>234,267</u>
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CITY OF PADUCAH, KENTUCKY
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2001

Revenues:	
Interest	\$ 12,867
Other	42,276
	<u>55,143</u>
Total revenues	<u>55,143</u>
Expenditures:	
Debt service:	
Principal requirement	140,636
Interest and fiscal requirement	25,752
	<u>166,388</u>
Total expenditures	<u>166,388</u>
Excess of revenues over (under) expenditures	(111,245)
Other Financing Sources (Uses):	
Operating transfers out	<u>(591,720)</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	(702,965)
Fund balance, July 1, 2000	<u>935,605</u>
FUND BALANCE, JUNE 30, 2001	<u><u>\$ 232,640</u></u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
DEBT SERVICE FUND
DETAIL STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
Interest	\$ 30,885	\$ 12,867	\$(18,018)
Other	42,275	42,276	1
 Total revenues	 <u>73,160</u>	 <u>55,143</u>	 <u>(18,017)</u>
Expenditures:			
Debt service:			
Principal requirement	140,640	140,636	4
Interest and fiscal requirement	25,760	25,752	8
 Total expenditures	 <u>166,400</u>	 <u>166,388</u>	 <u>12</u>
 Excess of revenues over (under) expenditures	 (93,240)	 (111,245)	 (18,005)
Other Financing Sources (Uses):			
Operating transfers out	<u>(609,740)</u>	<u>(591,720)</u>	<u>18,020</u>
 Excess of revenues and other financing sources over (under) expenditures and other uses	 <u>\$(702,980)</u>	 (702,965)	 <u>\$ 15</u>
 Fund balance, July 1, 2000		 <u>935,605</u>	
 FUND BALANCE, JUNE 30, 2001		 <u>\$ 232,640</u>	

See auditor's report on page 13.

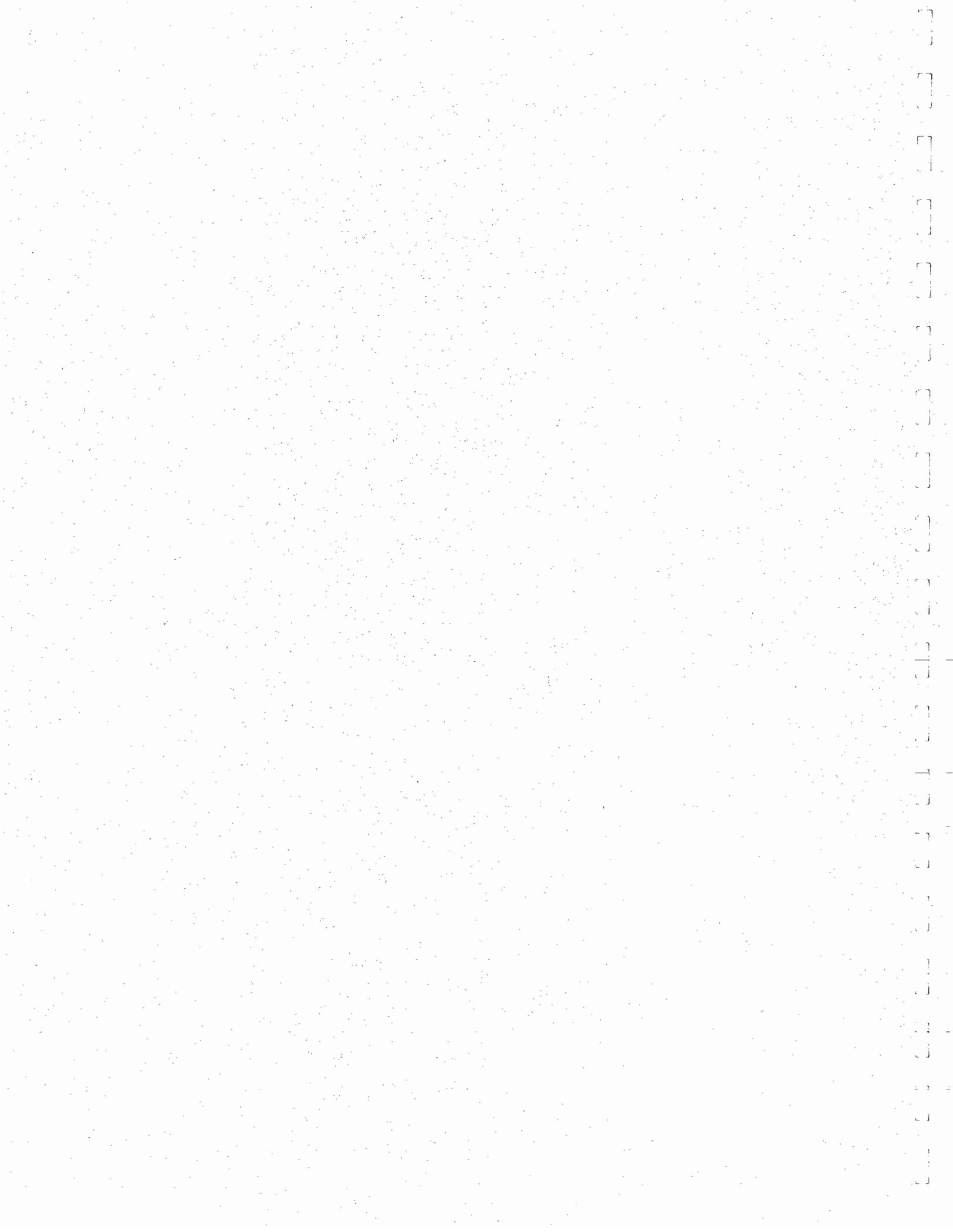
CITY OF PADUCAH, KENTUCKY

FINANCIAL STATEMENTS

CAPITAL PROJECTS FUNDS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2001



CAPITAL PROJECT FUNDS

General Capital Improvements – to account for the acquisition or construction of major capital projects other than those financed by proprietary fund operations and special assessments.

Downtown Capital Improvements – to account for the acquisition or construction of major capital facilities related to the development of downtown Paducah.

CITY OF PADUCAH, KENTUCKY
CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2001

<u>ASSETS</u>	<u>General Capital Improvements</u>	<u>Downtown Capital Improvements</u>	<u>Combined Total</u>
Cash	\$ 882,206	\$ 24,450	\$ 906,656
Investments	600,000	9,000,000	9,600,000
Accounts receivable	-	144,840	144,840
Grant receivable	126,930	-	126,930
Interest receivable	5,388	3,893	9,281
TOTAL ASSETS	<u>\$1,614,524</u>	<u>\$9,173,183</u>	<u>\$10,787,707</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Voucher and accounts payable	\$ 356,312	421,064	\$ 777,376
Deferred revenue	175,926	-	175,926
Total liabilities	532,238	421,064	953,302
Fund Equity:			
Fund balance:			
Reserved for future capital improvements	<u>1,082,286</u>	<u>8,752,119</u>	<u>9,834,405</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$1,614,524</u>	<u>\$9,173,183</u>	<u>\$10,787,707</u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2001

	General Capital Improvements	Downtown Capital Improvements	Combined Total
Revenues:			
Taxes	\$ -	\$ 144,840	\$ 144,840
Grants	836,856	-	836,856
Interest	42,009	3,893	45,902
Other	309,650	2,300	311,950
	<u>1,188,515</u>	<u>151,033</u>	<u>1,339,548</u>
Total revenues			
	<u>1,188,515</u>	<u>151,033</u>	<u>1,339,548</u>
Expenditures:			
Capital outlay	3,347,440	503,125	3,850,565
	<u>3,347,440</u>	<u>503,125</u>	<u>3,850,565</u>
Excess of revenues over (under) expenditures	<u>(2,158,925)</u>	<u>(352,092)</u>	<u>(2,511,017)</u>
Other Financing Sources (Uses):			
Bond issue proceeds	-	9,104,211	9,104,211
Operating transfers in	1,720,701	-	1,720,701
	<u>1,720,701</u>	<u>9,104,211</u>	<u>10,824,912</u>
Total other financing sources (uses)			
	<u>1,720,701</u>	<u>9,104,211</u>	<u>10,824,912</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>(438,224)</u>	<u>8,752,119</u>	<u>8,313,895</u>
Fund balances, July 1, 2000	<u>1,520,510</u>	<u>-</u>	<u>1,520,510</u>
FUND BALANCES, JUNE 30, 2001	<u><u>\$1,082,286</u></u>	<u><u>\$8,752,119</u></u>	<u><u>\$9,834,405</u></u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

	General Capital Improvements		
	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:			
Taxes	\$ -	\$ -	\$ -
Grants	836,855	836,856	1
Interest	37,580	42,009	4,429
Other	309,655	309,650	(5)
Total revenues	<u>1,184,090</u>	<u>1,188,515</u>	<u>4,425</u>
Expenditures:			
Capital outlay	3,347,445	3,347,440	5
Excess of revenues over (under) expenditures	<u>(2,163,355)</u>	<u>(2,158,925)</u>	<u>4,430</u>
Other Financing Sources (Uses):			
Bond issue proceeds	-	-	-
Operating transfers in	1,833,880	1,720,701	(113,179)
Total other financing sources (uses)	<u>1,833,880</u>	<u>1,720,701</u>	<u>(113,179)</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$ (329,475)</u>	<u>(438,224)</u>	<u>\$ (108,749)</u>
Fund balances, July 1, 2000		<u>1,520,510</u>	
FUND BALANCES, JUNE 30, 2001		<u><u>\$1,082,286</u></u>	

See auditor's report on page 13.

Downtown Capital Improvements			Totals		
Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
\$ -	\$ 144,840	\$144,840	\$ -	\$ 144,840	\$144,840
-	-	-	836,855	836,856	1
3,895	3,893	(2)	41,475	45,902	4,427
2,300	2,300	-	311,955	311,950	(5)
<u>6,195</u>	<u>151,033</u>	<u>144,838</u>	<u>1,190,285</u>	<u>1,339,548</u>	<u>149,263</u>
<u>503,125</u>	<u>503,125</u>	<u>-</u>	<u>3,850,570</u>	<u>3,850,565</u>	<u>5</u>
<u>(496,930)</u>	<u>(352,092)</u>	<u>144,838</u>	<u>(2,660,285)</u>	<u>(2,511,017)</u>	<u>149,268</u>
9,023,015	9,104,211	81,196	9,023,015	9,104,211	81,196
-	-	-	1,833,880	1,720,701	(113,179)
<u>9,023,015</u>	<u>9,104,211</u>	<u>81,196</u>	<u>10,856,895</u>	<u>10,824,912</u>	<u>(31,983)</u>
<u>\$8,526,085</u>	8,752,119	<u>\$226,034</u>	<u>\$8,196,610</u>	8,313,895	<u>\$117,285</u>
	-			1,520,510	
	<u>\$8,752,119</u>			<u>\$9,834,405</u>	

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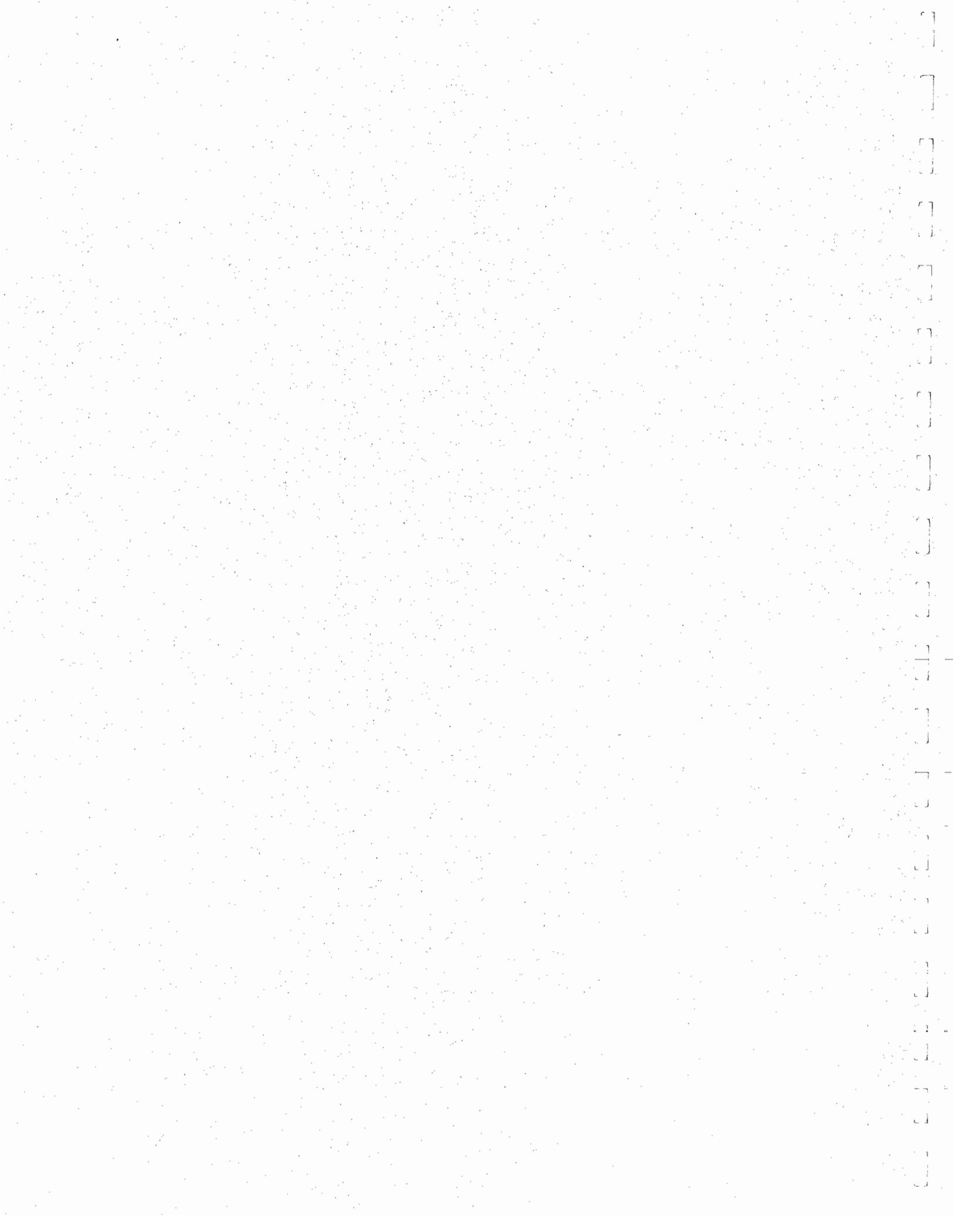
CITY OF PADUCAH, KENTUCKY

FINANCIAL STATEMENTS

ENTERPRISE FUNDS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2001



ENTERPRISE FUNDS

Solid Waste Fund – to account for the provision of refuse services to the residents of the City.

Wastewater/Stormwater Fund – to account for the remaining assets and liabilities of wastewater/stormwater operations not yet transferred to the Joint Sewer Agency.

Civic Center Fund – to account for the operation of the Civic Center.

TISA Fund – to account for revenues and expenses associated with the operation of the Paducah-McCracken County telecommunications and information systems.

CITY OF PADUCAH, KENTUCKY
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2001

<u>ASSETS</u>	<u>Solid Waste Fund</u>	<u>Wastewater/ Stormwater Fund</u>	<u>Civic Center Fund</u>	<u>TISA Fund</u>	<u>Combined Total</u>
Current Assets:					
Cash and cash equivalents	\$ 520,219	\$184,588	\$ 27,872	\$ 12,540	\$ 745,219
Investments	900,000	-	-	-	900,000
Accounts receivable	22,598	-	-	21,688	44,286
Notes receivable	168,500	-	-	-	168,500
Interest receivable	19,283	-	-	-	19,283
Due from other funds	-	-	-	13,009	13,009
Inventory	359	-	-	-	359
Total current assets	<u>1,630,959</u>	<u>184,588</u>	<u>27,872</u>	<u>47,237</u>	<u>1,890,656</u>
Property and Equipment:					
Land	65,908	-	-	-	65,908
Buildings	40,658	-	284,224	-	324,882
Machinery and equipment	3,273,513	-	17,491	328,929	3,619,933
Less accumulated depreciation	<u>(2,303,474)</u>	<u>-</u>	<u>(122,096)</u>	<u>(72,041)</u>	<u>(2,497,611)</u>
Total property and equipment	<u>1,076,605</u>	<u>-</u>	<u>179,619</u>	<u>256,888</u>	<u>1,513,112</u>
TOTAL ASSETS	<u>\$2,707,564</u>	<u>\$184,588</u>	<u>\$207,491</u>	<u>\$304,125</u>	<u>\$3,403,768</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Current Liabilities:					
Voucher and accounts payable	\$ 140,030	\$184,588	\$ 3,825	\$ 493	\$ 328,936
Accrued payroll and payroll taxes	18,480	-	-	-	18,480
Current maturities of long-term debt	42,000	-	-	-	42,000
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,685</u>	<u>24,685</u>
Total current liabilities	<u>200,510</u>	<u>184,588</u>	<u>3,825</u>	<u>25,178</u>	<u>414,101</u>
Long-Term Debt:					
Accrued compensation absences	<u>11,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,398</u>
Fund Equity:					
Contributed capital	-	-	167,400	256,888	424,288
Retained earnings - unreserved	<u>2,495,656</u>	<u>-</u>	<u>36,266</u>	<u>22,059</u>	<u>2,553,981</u>
Total fund equity	<u>2,495,656</u>	<u>-</u>	<u>203,666</u>	<u>278,947</u>	<u>2,978,269</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$2,707,564</u>	<u>\$184,588</u>	<u>\$207,491</u>	<u>\$304,125</u>	<u>\$3,403,768</u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 2001

	Solid Waste Fund	Wastewater/ Stormwater Fund	Civic Center Fund	TISA Fund	Combined Total
Operating Revenues:					
Charges for services	\$3,184,393	\$ -	\$ 22,296	\$ 73,400	\$3,280,089
Other	6,164	-	-	-	6,164
Total operating revenues	<u>3,190,557</u>	<u>-</u>	<u>22,296</u>	<u>73,400</u>	<u>3,286,253</u>
Operating Expenses:					
Cost of sales and service	2,808,633	-	25,665	63,882	2,898,180
Depreciation and amortization	328,963	-	14,287	48,027	391,277
Total operating expenses	<u>3,137,596</u>	<u>-</u>	<u>39,952</u>	<u>111,909</u>	<u>3,289,457</u>
Operating income (loss)	<u>52,961</u>	<u>-</u>	<u>(17,656)</u>	<u>(38,509)</u>	<u>(3,204)</u>
Nonoperating Revenues (Expenses):					
Investment income	78,791	-	1,148	-	79,939
Gain (loss) on disposal of property and equipment	<u>(3,965)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,965)</u>
Total nonoperating revenues (expenses)	<u>74,826</u>	<u>-</u>	<u>1,148</u>	<u>-</u>	<u>75,974</u>
Income (loss) before operating transfers	<u>127,787</u>	<u>-</u>	<u>(16,508)</u>	<u>(38,509)</u>	<u>72,770</u>
Operating Transfers In (Out):					
Operating transfers in	-	-	10,000	12,541	22,541
Operating transfers out	<u>(520)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(520)</u>
Total operating transfers in (out)	<u>(520)</u>	<u>-</u>	<u>10,000</u>	<u>12,541</u>	<u>22,021</u>
Net income (loss)	127,267	-	(6,508)	(25,968)	94,791
Add: Depreciation on property and equipment funded by contributed capital	-	-	5,400	48,027	53,427
Retained earnings, July 1, 2000	<u>2,368,389</u>	<u>-</u>	<u>37,374</u>	<u>-</u>	<u>2,405,763</u>
RETAINED EARNINGS, JUNE 30, 2001	<u><u>\$2,495,656</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 36,266</u></u>	<u><u>\$ 22,059</u></u>	<u><u>\$2,553,981</u></u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2001

	<u>Solid Waste Fund</u>	<u>Wastewater/ Stormwater Fund</u>	<u>Civic Center Fund</u>	<u>TISA Fund</u>	<u>Combined Total</u>
Cash Flows From Operating Activities:					
Operating income (loss)	\$ 52,961	\$ -	\$(17,656)	\$(38,509)	\$ (3,204)
Adjustments to reconciled operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	328,963	-	14,287	48,027	391,277
(Increase) decrease in:					
Receivables	128,821	-	-	(9,084)	119,737
Increase (decrease) in:					
Accounts payable and accrued expenses	(4,420)	10,000	3,672	(439)	8,813
Net cash provided (used) by operating activities	<u>506,325</u>	<u>10,000</u>	<u>303</u>	<u>(5)</u>	<u>516,623</u>
Cash Flows from Noncapital Financing Activities:					
Operating transfers in	-	-	10,000	12,541	22,541
Operating transfers out	(520)	-	-	-	(520)
Net cash provided (used) by capital and related financing activities	<u>(520)</u>	<u>-</u>	<u>10,000</u>	<u>12,541</u>	<u>22,021</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(142,921)	-	(3,546)	-	(146,467)
Proceeds from sale of capital assets	461	-	-	-	461
Net cash provided (used) by capital and related financing activities	<u>(142,460)</u>	<u>-</u>	<u>(3,546)</u>	<u>-</u>	<u>(146,006)</u>
Cash Flows from Investing Activities:					
Purchase of investment securities	(400,000)	-	-	-	(400,000)
Interest on cash and investments	78,791	-	1,148	-	79,939
Net cash provided (used) by investing activities	<u>(321,209)</u>	<u>-</u>	<u>1,148</u>	<u>-</u>	<u>(320,061)</u>
Net increase (decrease) in cash and cash equivalents	42,136	10,000	7,905	12,536	72,577
Cash and cash equivalents, July 1, 2000	<u>478,083</u>	<u>174,588</u>	<u>19,967</u>	<u>4</u>	<u>672,642</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2001	<u><u>\$ 520,219</u></u>	<u><u>\$ 184,588</u></u>	<u><u>\$ 27,872</u></u>	<u><u>\$ 12,540</u></u>	<u><u>\$ 745,219</u></u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
SOLID WASTE FUND
SCHEDULE OF OPERATING REVENUES AND EXPENSES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Operating Revenues:			
Charges for services	\$3,184,395	\$3,184,393	\$ (2)
Other	6,165	6,164	(1)
Total operating revenues	<u>\$3,190,560</u>	<u>\$3,190,557</u>	<u>\$ (3)</u>
Operating Expenses:			
Solid waste administration	\$ 388,975	\$ 388,880	\$ 95
Residential collection	991,530	991,528	2
Commercial collection	938,890	938,887	3
Composting and recycling	266,220	163,710	102,510
Bulk, brush and leaf	368,195	368,161	34
Leave expense	-	(42,533)	42,533
Depreciation	381,995	328,963	53,032
Total operating expenses	<u>\$3,335,805</u>	<u>\$3,137,596</u>	<u>\$198,209</u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
CIVIC CENTER FUND
SCHEDULE OF OPERATING REVENUES AND EXPENSES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Operating Revenues:			
Charges for services	<u>\$22,295</u>	<u>\$22,296</u>	<u>\$ 1</u>
Operating Expenses:			
Civic Center operations	\$29,300	\$25,665	\$3,635
Depreciation	<u>14,290</u>	<u>14,287</u>	<u>3</u>
Total operating expenses	<u>\$43,590</u>	<u>\$39,952</u>	<u>\$3,638</u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
TISA FUND
SCHEDULE OF OPERATING REVENUES AND EXPENSES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Operating Revenues:			
Charges for services	<u>\$ 60,860</u>	<u>\$ 73,400</u>	<u>\$12,540</u>
Operating Expenses:			
Cost of service	\$ 63,895	\$ 63,882	13
Depreciation	<u>48,030</u>	<u>48,027</u>	<u>3</u>
Total operating expenses	<u>\$111,925</u>	<u>\$111,909</u>	<u>\$ 16</u>

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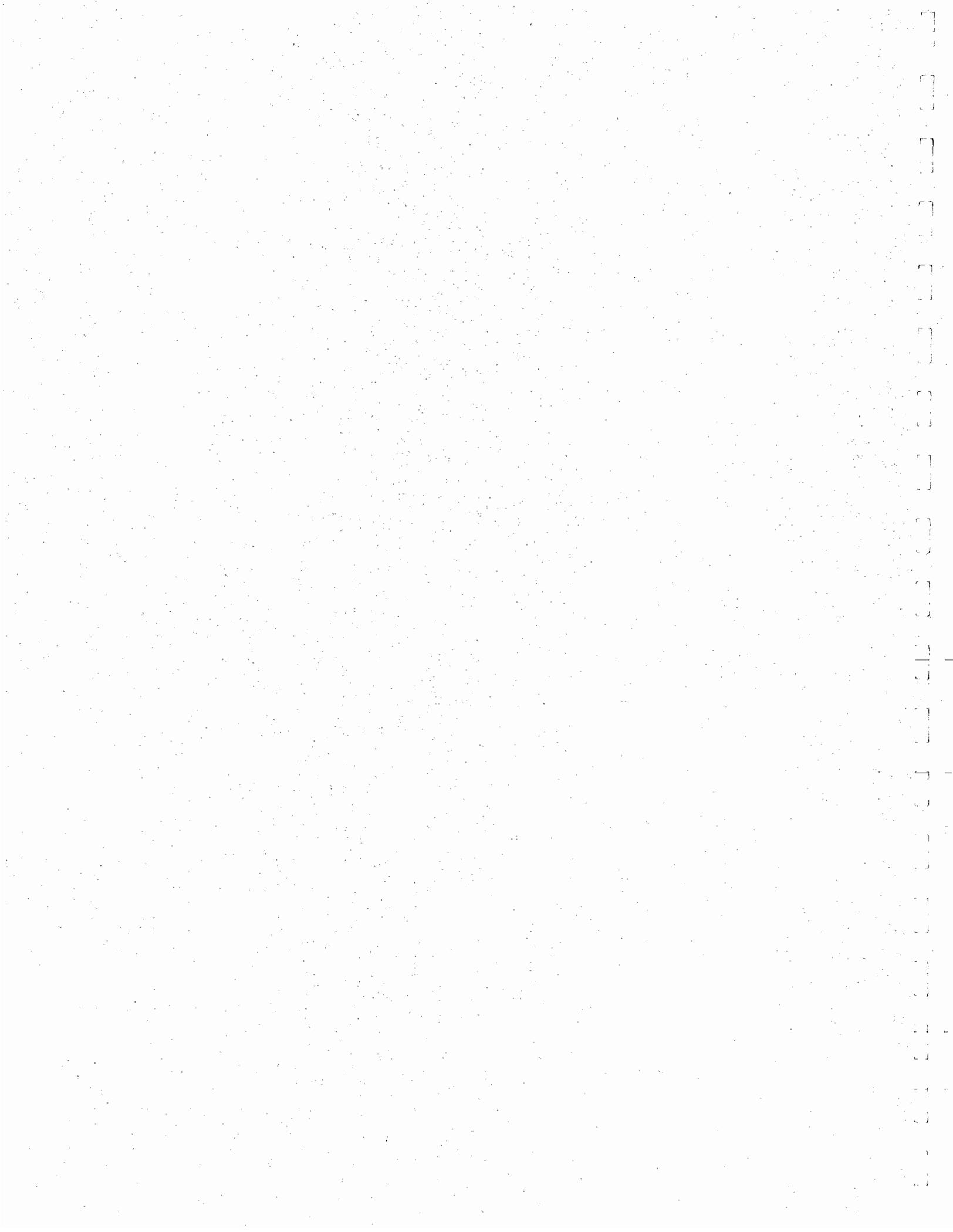
CITY OF PADUCAH, KENTUCKY

FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2001



INTERNAL SERVICE FUNDS

Fleet Maintenance - to account for costs of operating a maintenance facility for automotive equipment used by other City departments.

Fleet Lease Trust - to account for the financing of vehicle acquisitions provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

Insurance Fund - to account for the costs of obtaining insurance for other City departments.

Health Insurance Fund - to account for the costs associated with the City's health insurance activities. The intent of the City of Paducah is that the cost of providing insurance coverages on a continuing basis be financed primarily through user charges.

CITY OF PADUCAH, KENTUCKY
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2001

<u>ASSETS</u>	<u>Fleet Maintenance</u>	<u>Fleet Lease Trust</u>	<u>Insurance Fund</u>	<u>Health Insurance Fund</u>	<u>Combined Total</u>
Current Assets:					
Cash and cash equivalents	\$ 309	\$ 182,669	\$ 35,493	\$ -	\$ 218,471
Investments	-	263,767	-	-	263,767
Accounts receivable	-	-	-	178,364	178,364
Interest receivable	-	5,487	-	-	5,487
Inventory	133,278	-	-	-	133,278
Total current assets	<u>133,587</u>	<u>451,923</u>	<u>35,493</u>	<u>178,364</u>	<u>799,367</u>
Property and Equipment:					
Buildings	20,000	-	-	-	20,000
Machinery and equipment	208,980	1,643,414	-	-	1,852,394
Less accumulated depreciation	<u>(163,732)</u>	<u>(451,628)</u>	<u>-</u>	<u>-</u>	<u>(615,360)</u>
Total property and equipment	<u>65,248</u>	<u>1,191,786</u>	<u>-</u>	<u>-</u>	<u>1,257,034</u>
TOTAL ASSETS	<u><u>\$ 198,835</u></u>	<u><u>\$1,643,709</u></u>	<u><u>\$ 35,493</u></u>	<u><u>\$178,364</u></u>	<u><u>\$2,056,401</u></u>
 <u>LIABILITIES AND FUND EQUITY</u>					
Current Liabilities:					
Voucher and accounts payable	\$ 6,953	\$ -	\$ 15,016	\$ 2,722	\$ 24,691
Accrued payroll and payroll taxes	5,494	-	-	-	5,494
Current maturities of long-term debt	15,000	-	-	-	15,000
Liability for unpaid claims	-	-	-	285,000	285,000
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,406</u>	<u>10,406</u>
Total current liabilities	<u>27,447</u>	<u>-</u>	<u>15,016</u>	<u>298,128</u>	<u>340,591</u>
Long-Term Debt:					
Accrued compensated absences	<u>32,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,530</u>
Fund Equity:					
Contributed capital	-	381,523	-	-	381,523
Retained earnings - unreserved	<u>138,858</u>	<u>1,262,186</u>	<u>20,477</u>	<u>(119,764)</u>	<u>1,301,757</u>
Total fund equity	<u>138,858</u>	<u>1,643,709</u>	<u>20,477</u>	<u>(119,764)</u>	<u>1,683,280</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$ 198,835</u></u>	<u><u>\$1,643,709</u></u>	<u><u>\$ 35,493</u></u>	<u><u>\$178,364</u></u>	<u><u>\$2,056,401</u></u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 2001

	Fleet Maintenance	Fleet Lease Trust	Insurance Fund	Health Insurance Fund	Combined Total
Operating Revenues:					
Charges for services	<u>\$ 256,363</u>	<u>\$ 229,495</u>	<u>\$738,749</u>	<u>\$2,602,764</u>	<u>\$3,827,371</u>
Operating Expenses:					
Vehicle maintenance	345,315	-	-	-	345,315
Administrative	-	1,100	-	1,000	2,100
Insurance	-	-	843,238	2,994,374	3,837,612
Leave expense	(4,590)	-	-	-	(4,590)
Depreciation	<u>13,139</u>	<u>211,241</u>	<u>-</u>	<u>-</u>	<u>224,380</u>
Total operating expenses	<u>353,864</u>	<u>212,341</u>	<u>843,238</u>	<u>2,995,374</u>	<u>4,404,817</u>
Operating income (loss)	<u>(97,501)</u>	<u>17,154</u>	<u>(104,489)</u>	<u>(392,610)</u>	<u>(577,446)</u>
Nonoperating Revenues (Expenses):					
Investment income	-	16,957	-	-	16,957
Other income	-	18,467	-	-	18,467
Gain (loss) on disposal of property and equipment	<u>(609)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(609)</u>
Total nonoperating revenues (expenses)	<u>(609)</u>	<u>35,424</u>	<u>-</u>	<u>-</u>	<u>34,815</u>
Income (loss) before operating transfers	<u>(98,110)</u>	<u>52,578</u>	<u>(104,489)</u>	<u>(392,610)</u>	<u>(542,631)</u>
Operating Transfers In (Out):					
Operating transfers in	<u>166,000</u>	<u>409,129</u>	<u>-</u>	<u>-</u>	<u>575,129</u>
Net income (loss)	<u>67,890</u>	<u>461,707</u>	<u>(104,489)</u>	<u>(392,610)</u>	<u>32,498</u>
Retained earnings (deficit), July 1, 2000	<u>70,968</u>	<u>800,479</u>	<u>124,966</u>	<u>272,846</u>	<u>1,269,259</u>
RETAINED EARNINGS, JUNE 30, 2001	<u><u>\$ 138,858</u></u>	<u><u>\$1,262,186</u></u>	<u><u>\$ 20,477</u></u>	<u><u>\$ (119,764)</u></u>	<u><u>\$1,301,757</u></u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2001

	<u>Fleet Maintenance</u>	<u>Fleet Lease Trust</u>	<u>Insurance Fund</u>	<u>Health Insurance Fund</u>	<u>Combined Total</u>
Cash Flows from Operating Activities:					
Operating income (loss)	\$(97,501)	\$ 17,154	\$(104,489)	\$(392,610)	\$(577,446)
Adjustments to reconcile net income to net cash provided (used) by operating activities:					
Depreciation	13,139	211,241	-	-	224,380
(Increase) decrease in:					
Receivables	-	243	-	144,344	144,587
Other assets	-	-	-	-	-
Inventories	3,451	-	-	-	3,451
Increase (decrease) in:					
Accounts payable and accrued expenses	(43,330)	-	14,097	248,262	219,029
Net cash provided (used) by operating activities	<u>(124,241)</u>	<u>228,638</u>	<u>(90,392)</u>	<u>(4)</u>	<u>14,001</u>
Cash Flows from Noncapital Financing Activities:					
Operating transfers in	<u>166,000</u>	<u>409,129</u>	<u>-</u>	<u>-</u>	<u>575,129</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition of capital assets	(41,750)	(546,460)	-	-	(588,210)
Proceeds from the sale of capital assets	<u>-</u>	<u>18,467</u>	<u>-</u>	<u>-</u>	<u>18,467</u>
Net cash provided (used) by capital and related financing activities	<u>(41,750)</u>	<u>(527,993)</u>	<u>-</u>	<u>-</u>	<u>(569,743)</u>
Cash Flows from Investing Activities:					
Purchase of investment securities	-	(13,767)	-	-	(13,767)
Interest on cash and investments	<u>-</u>	<u>16,957</u>	<u>-</u>	<u>-</u>	<u>16,957</u>
Net cash provided (used) by investing activities	<u>-</u>	<u>3,190</u>	<u>-</u>	<u>-</u>	<u>3,190</u>
Net increase (decrease) in cash and cash equivalents	9	112,964	(90,392)	(4)	22,577
Cash and cash equivalents, July 1, 2000	<u>300</u>	<u>69,705</u>	<u>125,885</u>	<u>4</u>	<u>195,894</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2001	<u><u>\$ 309</u></u>	<u><u>\$182,669</u></u>	<u><u>\$ 35,493</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 218,471</u></u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
FLEET MAINTENANCE
SCHEDULE OF OPERATING REVENUES AND EXPENSES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Operating Revenues:			
Charges for services	<u>\$256,365</u>	<u>\$256,363</u>	<u>\$ (2)</u>
Operating Expenses:			
Vehicle maintenance	\$357,225	\$345,315	\$11,910
Leave expense	-	(4,590)	4,590
Depreciation	<u>13,140</u>	<u>13,139</u>	<u>1</u>
Total operating expenses	<u>\$370,365</u>	<u>\$353,864</u>	<u>\$16,501</u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
FLEET LEASE TRUST
SCHEDULE OF OPERATING REVENUES AND EXPENSES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Operating Revenues:			
Charges for services	<u>\$229,495</u>	<u>\$229,495</u>	<u>\$ -</u>
Operating Expenses:			
Administrative	\$ 1,100	\$ 1,100	\$ -
Depreciation	<u>211,245</u>	<u>211,241</u>	<u>4</u>
Total operating expenses	<u>\$212,345</u>	<u>\$212,341</u>	<u>\$ 4</u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
INSURANCE FUND
SCHEDULE OF OPERATING REVENUES AND EXPENSES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Operating Revenues:			
Charges for services	<u>\$738,755</u>	<u>\$738,749</u>	<u>\$ (6)</u>
Operating Expenses:			
Insurance expense	<u>\$828,280</u>	<u>\$843,238</u>	<u>\$ (14,958)</u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
HEALTH INSURANCE FUND
SCHEDULE OF OPERATING REVENUES AND EXPENSES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

	Budget	Actual	Variance- Favorable (Unfavorable)
Operating Revenues:			
Charges for services	<u>\$2,602,750</u>	<u>\$2,602,764</u>	<u>\$ 14</u>
Operating Expenses:			
Administration	\$ 1,000	\$ 1,000	\$ -
Insurance expense	<u>2,994,375</u>	<u>2,994,374</u>	<u>1</u>
Total operating expenses	<u>\$2,995,375</u>	<u>\$2,995,374</u>	<u>\$ 1</u>

See auditor's report on page 13.

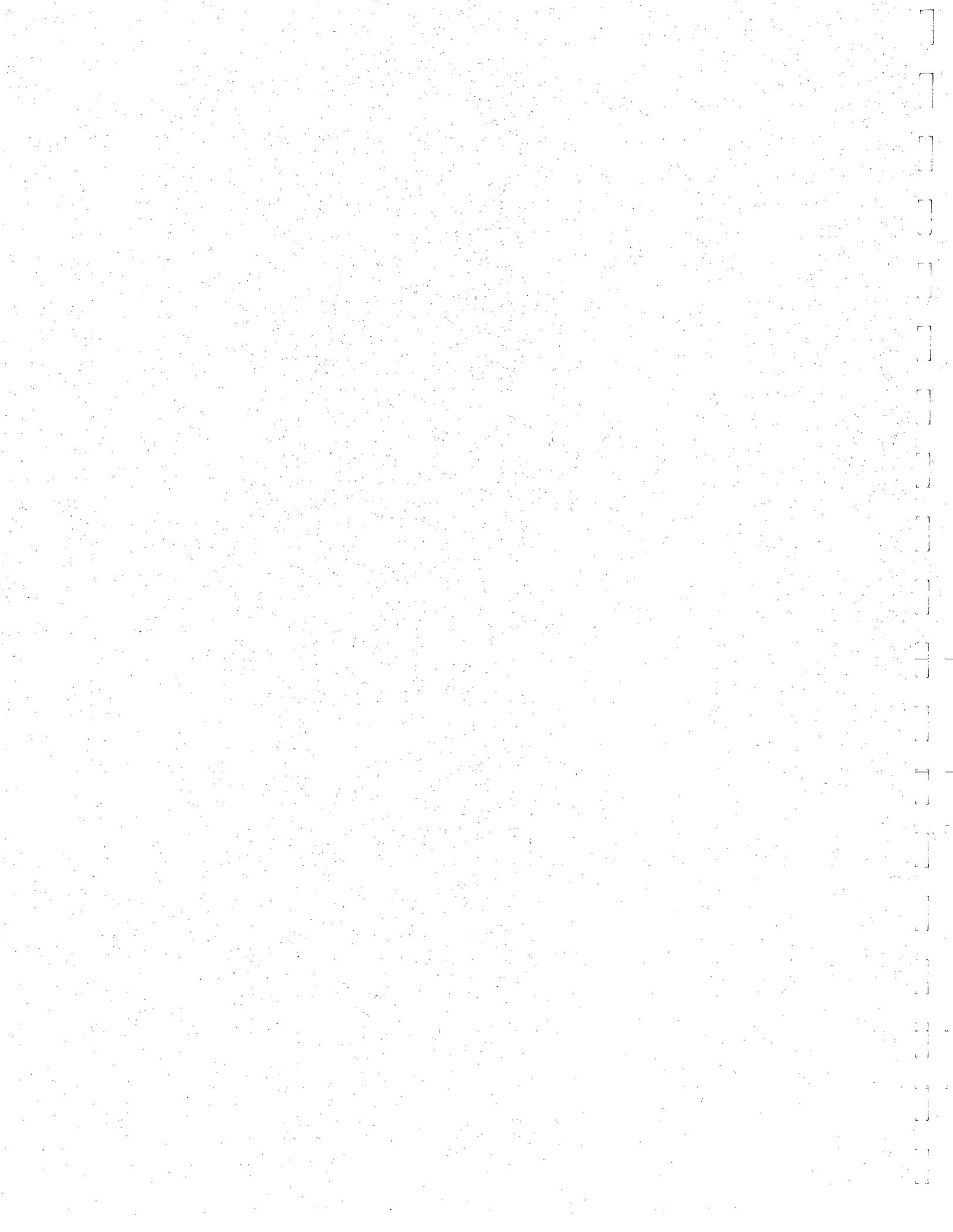
CITY OF PADUCAH, KENTUCKY

FINANCIAL STATEMENTS

TRUST AND AGENCY FUNDS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2001



TRUST AND AGENCY FUNDS

Police and Firefighters' Retirement Fund and Appointive Employees' Pension Fund – to account for the accumulation of resources to be used for retirement payments at appropriate amounts and times in the future. Resources are contributed by employees and by the City at amounts determined by Kentucky Statutes and/or City Commission decisions.

Oak Grove Cemetery Trust and Rinkleff Estate – to account for assets held by the City in the capacity of trustee for specified purposes.

Property Tax Agency Fund – to account for the collection and distribution of property tax resources received by the City of Paducah for the General Fund, special voted funds and other governmental agencies for which the City acts as collection agent.

Payroll Agency Fund – to account for disbursements relative to the City payroll. The various City departments transfer amounts to this fund to cover routine payroll and the related benefits and taxes. All payroll disbursements are made from this fund.

CITY OF PADUCAH, KENTUCKY
TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2001

<u>ASSETS</u>	<u>Pension Trust</u>	
	<u>Police and Firefighters' Retirement Fund</u>	<u>Appointive Employees' Pension Fund</u>
Cash and cash equivalents	\$ 1,431,274	\$ 58,613
Investments	9,839,962	302,126
Receivables:		
Interest	74,892	940
Property taxes (net of allowances for uncollectibles)	-	-
Due from other taxing agencies	-	-
TOTAL ASSETS	<u>\$11,346,128</u>	<u>\$361,679</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Voucher and accounts payable	\$ -	\$ 240
Payroll taxes and withholdings payable	-	-
Due to other funds	-	-
Due to other taxing agencies	-	-
Total liabilities	<u>-</u>	<u>240</u>
Fund Balances:		
Reserved for employees' pension benefits	11,346,128	361,439
Reserved for trust purpose	-	-
Undesignated	-	-
Total fund balances	<u>11,346,128</u>	<u>361,439</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$11,346,128</u>	<u>\$361,679</u>

See auditor's report on page 13.

<u>Nonexpendable Trust</u>	<u>Expendable Trust</u>	<u>Agency</u>	
Oak Grove Cemetery Trust	Rinkleff Estate	Total	Combined Total
\$13,085	\$13,392	\$ 277,469	\$ 1,793,833
50,924	-	-	10,193,012
-	-	-	75,832
-	-	204,373	204,373
-	-	2,265	2,265
<u>\$64,009</u>	<u>\$13,392</u>	<u>\$ 484,107</u>	<u>\$12,269,315</u>
\$ -	\$ -	\$ -	\$ 240
-	-	279,735	279,735
-	-	101,991	101,991
-	-	102,381	102,381
<u>-</u>	<u>-</u>	<u>484,107</u>	<u>484,347</u>
-	-	-	11,707,567
64,009	-	-	64,009
-	13,392	-	13,392
<u>64,009</u>	<u>13,392</u>	<u>-</u>	<u>11,784,968</u>
<u>\$64,009</u>	<u>\$13,392</u>	<u>\$ 484,107</u>	<u>\$12,269,315</u>

CITY OF PADUCAH, KENTUCKY
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
YEAR ENDED JUNE 30, 2001

	Police and Firefighters' Retirement	Appointive Employees' Pension	Totals
Additions:			
Contributions:			
Employer	\$ 204,039	\$ -	\$ 204,039
Plan member	28,482	-	28,482
Interfund transfers	660,987	75,000	735,987
Total contributions	<u>893,508</u>	<u>75,000</u>	<u>968,508</u>
Investment income:			
Net appreciation (depreciation) in fair value of investments	(735,323)	-	(735,323)
Net gain (loss) on sale of investments	168,236	-	168,236
Interest and dividends	865,578	23,107	888,685
Total investment income	<u>298,491</u>	<u>23,107</u>	<u>321,598</u>
Total additions	<u>1,191,999</u>	<u>98,107</u>	<u>1,290,106</u>
Deductions:			
Benefits	1,742,179	104,228	1,846,407
Administrative expense	18,445	5,068	23,513
Total deductions	<u>1,760,624</u>	<u>109,296</u>	<u>1,869,920</u>
Net increase (decrease)	(568,625)	(11,189)	(579,814)
Net assets held in trust for pension benefits:			
July 1, 2000	<u>11,914,754</u>	<u>372,627</u>	<u>12,287,381</u>
JUNE 30, 2001	<u><u>\$11,346,129</u></u>	<u><u>\$361,438</u></u>	<u><u>\$11,707,567</u></u>

See auditor's report on page 13.

**CITY OF PADUCAH, KENTUCKY
OAK GROVE CEMETERY TRUST
NONEXPENDABLE TRUST FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2001**

Operating Revenues:		
Intergovernmental revenues		<u>\$ 2,590</u>
Operating Expenses:		
Administrative costs		<u>221</u>
Operating income		2,369
Nonoperating Revenues (Expenses):		
Investment income		<u>3,239</u>
Net income		5,608
Fund balance, July 1, 2000		<u>58,401</u>
FUND BALANCE, JUNE 30, 2001		<u><u>\$64,009</u></u>

See auditor's report on page 13.

**CITY OF PADUCAH, KENTUCKY
OAK GROVE CEMETERY TRUST
NONEXPENDABLE TRUST FUND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2001**

Cash Flows from Operating Activities:

Operating income	<u>\$ 2,369</u>
------------------	-----------------

Cash Flows from Investing Activities:

Purchase of investment securities	(16,308)
-----------------------------------	----------

Proceeds from sales and maturities of investment securities	15,000
--	--------

Investment income	<u>4,283</u>
-------------------	--------------

Net cash provided (used) by investing activities	<u>2,975</u>
---	--------------

Net increase (decrease) in cash and cash equivalents	5,344
---	-------

Cash and cash equivalents, July 1, 2000	<u>7,741</u>
---	--------------

CASH AND CASH EQUIVALENTS, JUNE 30, 2001	<u><u>\$13,085</u></u>
---	------------------------

CITY OF PADUCAH, KENTUCKY
RINKLEFF ESTATE
EXPENDABLE TRUST FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2001

Revenues:			
Interest		\$ 727	<u> </u>
Expenditures:			
Administrative costs		50	<u> </u>
Excess of revenues over (under) expenditures		677	
Fund balance, July 1, 2000		<u>12,715</u>	
FUND BALANCE, JUNE 30, 2001		<u><u>\$13,392</u></u>	

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2001

Property Tax Fund:	Balance			Balance
	July 1, 2000	Additions	Deductions	June 30, 2001
Assets:				
Cash and cash equivalents	\$ (2,581)	\$ 9,224,081	\$ 9,223,766	\$ (2,266)
Taxes receivable (net of allowances of uncollectibles)	261,963	9,166,491	9,224,081	204,373
Due from other taxing agencies	2,014	105,106	104,855	2,265
Total assets	\$261,396	\$18,495,678	\$18,552,702	\$204,372
Liabilities:				
Due to other funds	\$153,063	\$ 4,264,041	\$ 4,315,113	\$101,991
Due to other taxing agencies	108,333	5,055,344	5,061,296	102,381
Due to taxpayers	-	17,394	17,394	-
Total liabilities	\$261,396	\$ 9,336,779	\$ 9,393,803	\$204,372
Payroll Fund:				
Assets:				
Cash and cash equivalents	\$251,469	\$ 9,558,154	\$ 9,529,888	\$279,735
Liabilities:				
Payroll taxes and withholdings payable	\$251,469	\$ 9,558,154	\$ 9,529,888	\$279,735
Totals - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$248,888	\$18,782,235	\$18,753,654	\$277,469
Taxes receivable (net of allowances for uncollectibles)	261,963	9,166,491	9,224,081	204,373
Due from other taxing agencies	2,014	105,106	104,855	2,265
Total assets	\$512,865	\$28,053,832	\$28,082,590	\$484,107
Liabilities:				
Payroll taxes and withholdings payable	\$251,469	\$ 9,558,154	\$ 9,529,888	\$279,735
Due to other funds	153,063	4,264,041	4,315,113	101,991
Due to other taxing agencies	108,333	5,055,344	5,061,296	102,381
Due to taxpayers	-	17,394	17,394	-
Total liabilities	\$512,865	\$18,894,933	\$18,923,691	\$484,107

See auditor's report on page 13.

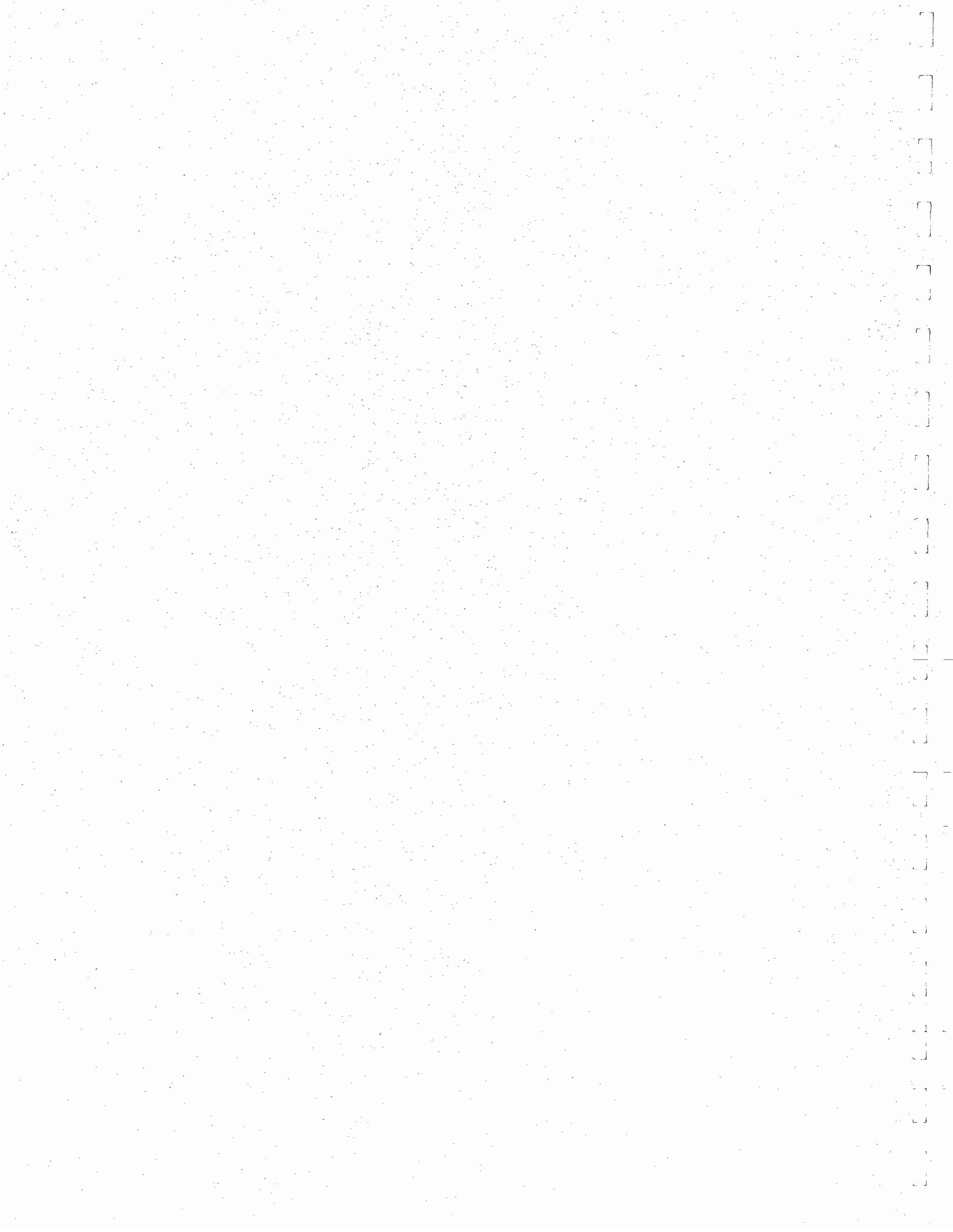
CITY OF PADUCAH, KENTUCKY

FINANCIAL STATEMENTS

GENERAL FIXED ASSETS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2001



GENERAL FIXED ASSETS

This account group is used to account for the fixed assets of the City other than those accounted for in the Enterprise Funds.

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CITY OF PADUCAH, KENTUCKY
COMPARATIVE SCHEDULES OF
GENERAL FIXED ASSETS BY SOURCE
JUNE 30, 2001 AND 2000

General Fixed Assets:	2001	2000
Land	\$ 5,054,656	\$ 5,054,656
Buildings and improvements	13,026,970	13,026,970
Equipment	5,279,401	5,207,569
Furnishings and fixtures	250,828	250,828
Vehicles	4,382,397	4,463,888
	<u>\$27,994,252</u>	<u>\$28,003,911</u>
 Investment in General Fixed Assets From:		
Investment in property acquired prior to July 1, 1989 - source unidentified	\$ 9,190,778	\$ 9,773,025
General Fund	16,699,166	16,134,573
Special Revenue Funds	2,104,308	2,096,313
	<u>\$27,994,252</u>	<u>\$28,003,911</u>
 Total investment in general fixed assets	<u>\$27,994,252</u>	<u>\$28,003,911</u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
JUNE 30, 2001

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Equipment</u>
General Fund:			
General government	\$1,402,417	\$ 7,419,644	\$1,574,390
Finance	-	-	106,193
Information systems	-	-	22,304
Inspection	-	-	82,231
Planning	213,644	-	111,674
Police	27,956	837,303	606,683
Fire	119,000	1,335,056	408,649
Public works	3,000	1,233,021	655,510
Parks	2,804,512	1,692,635	233,623
Cable authority	-	-	76,651
Human rights	-	-	11,459
Personnel	-	-	24,946
Engineering services	51,000	83,660	175,605
Total general fund	<u>4,621,529</u>	<u>12,601,319</u>	<u>4,089,918</u>
Special Revenue Funds:			
Emergency communications	20,000	147,594	861,866
Court awards	-	-	142,914
Federal, state, and local grant funds	413,127	278,057	184,703
Total special revenue funds	<u>433,127</u>	<u>425,651</u>	<u>1,189,483</u>
TOTAL GENERAL FIXED ASSETS	<u><u>\$5,054,656</u></u>	<u><u>\$13,026,970</u></u>	<u><u>\$5,279,401</u></u>

See auditor's report on page 13.

Furnishings and Fixtures	Vehicles	Total
\$ 81,305	\$ 36,198	\$10,513,954
1,394	-	107,587
-	-	22,304
29,505	53,294	165,030
11,171	26,164	362,653
2,313	849,260	2,323,515
44,672	2,219,924	4,127,301
11,659	1,038,086	2,941,276
38,119	41,675	4,810,564
-	-	76,651
-	-	11,459
-	-	24,946
7,047	85,392	402,704
<u>227,185</u>	<u>4,349,993</u>	<u>25,889,944</u>
23,643	-	1,053,103
-	32,404	175,318
-	-	875,887
<u>23,643</u>	<u>32,404</u>	<u>2,104,308</u>
<u>\$250,828</u>	<u>\$4,382,397</u>	<u>\$27,994,252</u>

CITY OF PADUCAH, KENTUCKY
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
YEAR ENDED JUNE 30, 2001

<u>Function and Activity</u>	<u>General Fixed Assets July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>General Fixed Assets June 30, 2001</u>
General Fund:				
General government	\$10,508,188	\$ 5,766	\$ -	\$10,513,954
Finance	118,907	6,495	17,815	107,587
Inspection	179,910	-	14,880	165,030
Information systems	-	22,304	-	22,304
Planning	379,364	3,329	20,040	362,653
Police	2,332,746	45,204	54,435	2,323,515
Fire	4,141,977	-	14,676	4,127,301
Public works	2,473,593	468,183	500	2,941,276
Parks	5,257,153	13,312	459,901	4,810,564
Cable authority	76,651	-	-	76,651
Human rights	11,459	-	-	11,459
Personnel	24,946	-	-	24,946
Engineering services	402,704	-	-	402,704
Total general fund	<u>25,907,598</u>	<u>564,593</u>	<u>582,247</u>	<u>25,889,944</u>
Special Revenue Funds:				
Emergency communications	1,053,103	-	-	1,053,103
Court awards	167,323	7,995	-	175,318
Federal and state grant funds	875,887	-	-	875,887
Total special revenue funds	<u>2,096,313</u>	<u>7,995</u>	<u>-</u>	<u>2,104,308</u>
TOTAL GENERAL FIXED ASSETS	<u><u>\$28,003,911</u></u>	<u><u>\$572,588</u></u>	<u><u>\$582,247</u></u>	<u><u>\$27,994,252</u></u>

See auditor's report on page 13.

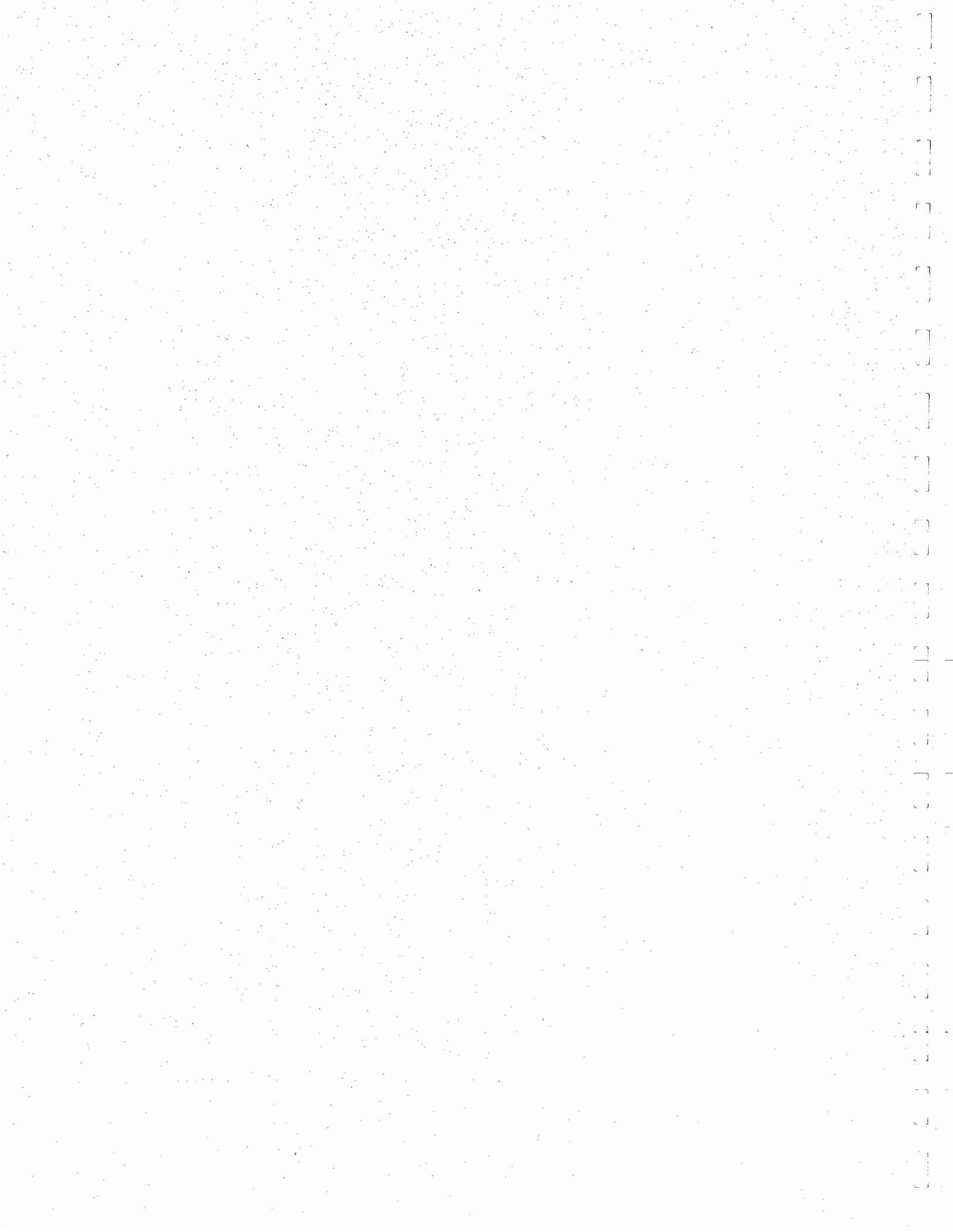
CITY OF PADUCAH, KENTUCKY

FINANCIAL STATEMENTS

GENERAL LONG-TERM DEBT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2001



GENERAL LONG-TERM DEBT

This account group is used to account for outstanding principal balances of the City's long-term debt and compensated absences.

CITY OF PADUCAH, KENTUCKY
STATEMENT OF CHANGES IN GENERAL LONG-TERM DEBT
GENERAL LONG-TERM DEBT ACCOUNT GROUP
YEAR ENDED JUNE 30, 2001

	<u>Balance July 1, 2000</u>	<u>New Debt Incurred</u>	<u>Debt Payment or Reduction</u>	<u>Balance June 30, 2001</u>
General fund accrued compensated absences	\$1,725,478	\$ -	\$434,683	\$ 1,290,795
General bond obligation	-	9,290,000	-	9,290,000
Capital lease	521,966	-	140,636	381,330
TOTAL GENERAL LONG-TERM DEBT ACCOUNT GROUP	<u>\$2,247,444</u>	<u>\$9,290,000</u>	<u>\$575,319</u>	<u>\$10,962,125</u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY

STATISTICAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2001

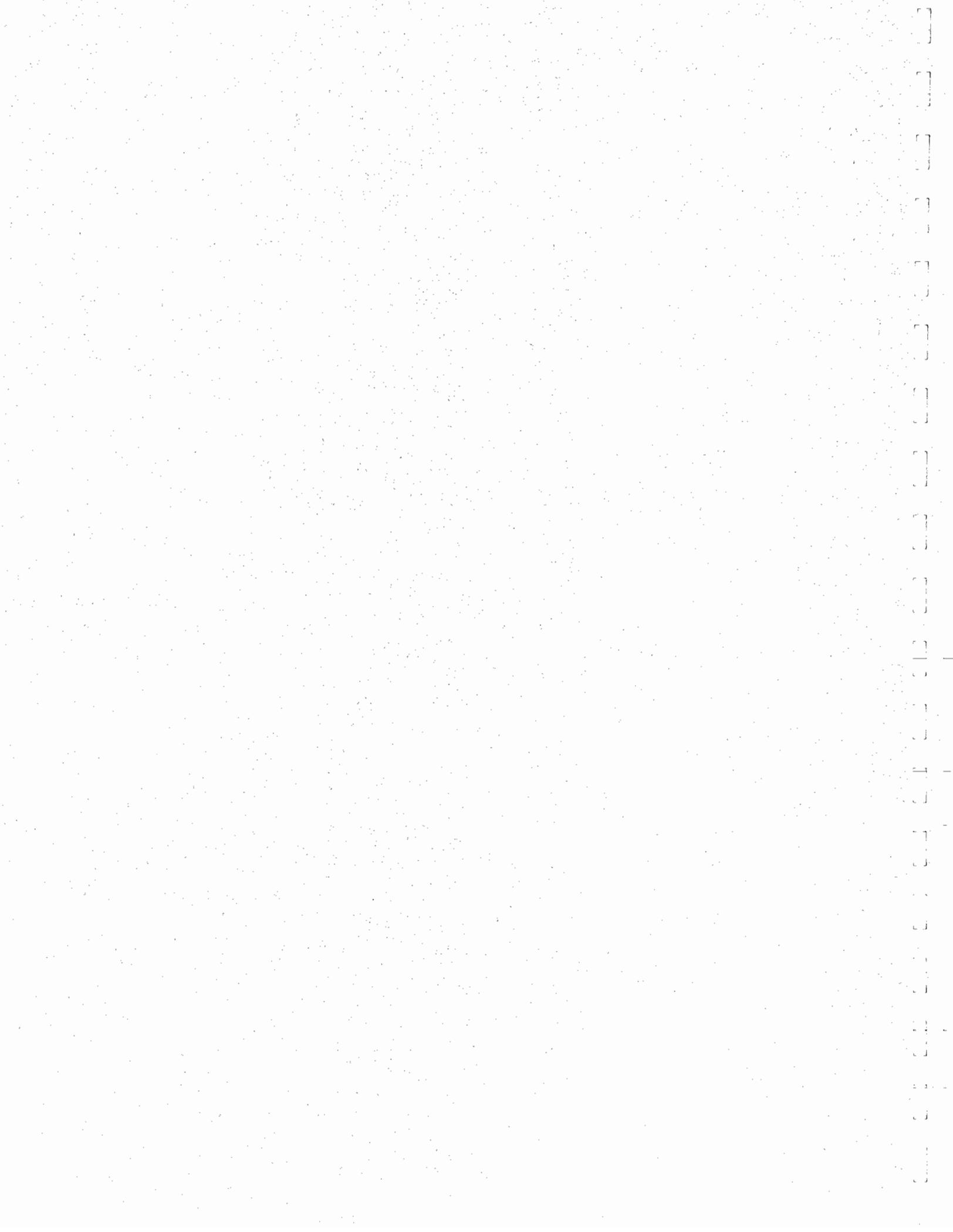


TABLE 1
CITY OF PADUCAH, KENTUCKY
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS

Fiscal Year	Total	General Government	Public Safety	Public Service	Parks and Recreation	Other
1991-1992	\$14,388,617	\$2,019,445	\$ 7,683,740	\$3,179,613	\$1,387,346	\$118,473
1992-1993	15,064,088	2,591,195	7,634,823	3,328,520	1,355,900	153,650
1993-1994	15,928,276	2,555,764	8,134,021	3,741,048	1,350,003	147,440
1994-1995	16,744,678	2,689,578	8,583,974	3,758,416	1,541,882	170,828
1995-1996	17,737,044	2,595,564	9,329,445	4,211,915	1,505,497	94,623
1996-1997	19,823,351	3,539,738	10,372,133	4,312,281	1,476,238	122,961
1997-1998	18,787,240	3,531,033	9,629,127	4,009,198	1,476,446	141,436
1998-1999	21,306,659	4,296,935	10,049,095	5,209,051	1,661,119	90,459
1999-2000	19,817,326	3,436,701	10,363,856	4,260,125	1,661,562	95,082
2000-2001	20,677,530	3,386,330	10,530,012	5,923,130	738,401	99,657

Note: This table includes the General Fund and the Municipal Aid Fund.

TABLE 2
CITY OF PADUCAH, KENTUCKY
GENERAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS

Fiscal Year	Total	Taxes	Licenses	Charges for Services	Inter-Governmental Revenues	Grants	Interest	Other
1991-1992	\$17,679,746	\$4,478,565	\$10,458,191	\$768,882	\$393,354	\$ 766,966	\$240,591	\$573,197
1992-1993	18,172,845	4,725,315	11,259,092	806,280	362,373	697,644	214,079	108,062
1993-1994	19,296,663	4,930,132	12,245,614	790,780	371,269	637,582	206,829	114,457
1994-1995	20,697,540	5,269,017	13,150,265	714,677	385,313	679,625	305,055	193,588
1995-1996	21,773,167	5,555,183	13,715,804	746,562	361,995	822,581	300,491	270,551
1996-1997	21,973,605	4,710,687	14,007,138	723,337	405,995	1,267,998	353,422	505,028
1997-1998	22,282,146	4,582,205	14,985,551	713,872	428,006	727,386	443,355	401,771
1998-1999	23,320,631	4,770,784	15,584,674	716,181	419,686	786,865	413,480	628,961
1999-2000	23,624,074	4,659,202	15,970,996	566,145	418,698	966,715	438,707	603,611
2000-2001	24,125,224	4,736,568	16,705,030	578,482	437,439	723,626	436,598	507,481

Note: This table includes the General Fund and the Municipal Aid Fund.

TABLE 3
CITY OF PADUCAH, KENTUCKY
TAX REVENUE BY SOURCE
LAST TEN FISCAL YEARS

Fiscal Year	Total	Real and Personal (Current Year)	Real and Personal (Prior Year)	Franchise	# Bank Taxes	In Lieu of Tax Payments	Penalty, Interest & Adv.	% Charge On School Tax Collections
1991-1992	\$4,568,273	\$3,707,881	\$169,226	\$211,863	\$167,177	\$126,573	\$95,845	\$ 89,708
1992-1993	4,805,819	3,890,562	184,845	284,771	172,668	115,419	77,050	80,504
1993-1994	5,013,092	4,188,026	97,747	252,095	199,009	112,671	80,584	82,960
1994-1995	5,346,566	4,532,539	95,175	247,919	228,649	108,835	55,900	77,549
1995-1996	5,642,653	4,846,606	90,680	195,259	236,744	123,243	62,651	87,470
1996-1997	4,801,595	4,012,661	81,368	239,973	210,218	109,522	56,945	90,908
1997-1998	4,676,361	4,029,124	92,287	81,875	215,996	111,872	51,052	94,155
1998-1999	4,875,017	3,977,703	82,589	310,110	232,398	115,344	52,640	104,233
1999-2000	4,770,504	3,982,872	135,215	211,860	189,949	119,938	19,368	111,302
2000-2001	4,850,327	3,973,898	157,508	257,095	175,607	136,864	35,596	113,759

Note: This table includes only the General Fund collections.

Bank tax for fiscal years 1991-1996 was based on the value of each bank's stock. Bank tax for fiscal year 1997 and after was based on the deposits held by each bank.

**TABLE 4
CITY OF PADUCAH, KENTUCKY
SECURED TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>(1) Total Levy</u>	<u>(1) Total Collections</u>	<u>Percent of Levy Collected</u>
1991-1992	\$4,257,837	\$4,240,223	99.6%
1992-1993	4,463,877	4,446,386	99.6%
1993-1994	4,726,013	4,713,807	99.7%
1994-1995	4,998,288	4,981,828	99.6%
1995-1996	5,040,252	5,022,419	99.6%
1996-1997	4,361,298	4,350,475	97.8%
1997-1998	4,417,910	4,373,272	99.0%
1998-1999	4,614,749	4,602,800	99.7%
1999-2000	4,428,970	4,384,681	99.0%
2000-2001	4,549,413	4,406,600	96.9%

(1) Includes current year real and personal property tax, franchise, auto and bank shares.

TABLE 5
CITY OF PADUCAH, KENTUCKY
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Estate	Personal Property	Franchise	Bank Shares	Total	Estimated Actual Value	Percent Assessed To Estimated Value	Exemptions	FCV Bank Shares
1991-1992	\$525,391,095	\$311,519,005	\$44,879,559	\$ 79,608,439	\$ 961,398,098	\$1,026,900,781	93.6%	\$58,200,330	\$ 86,710,792
1992-1993	556,544,515	347,218,600	49,346,681	86,333,952	1,039,443,748	1,101,001,050	93.4%	55,281,764	92,609,490
1993-1994	593,054,111	328,687,459	52,456,919	99,504,852	1,073,703,341	1,136,728,703	94.5%	56,980,078	105,550,136
1994-1995	669,377,719	347,198,595	52,359,197	114,324,900	1,183,260,411	1,239,314,427	95.5%	51,848,378	118,530,538
1995-1996	705,705,231	390,678,518	54,782,324	115,233,874	1,266,399,947	1,332,467,639	95.0%	53,941,397	127,360,169
1996-1997	760,010,607	394,329,201	53,348,852	*	1,207,688,660	1,262,547,324	95.7%	54,858,664	*
1997-1998	813,820,288	399,909,183	49,442,125	*	1,263,171,596	1,318,865,740	95.8%	55,694,144	*
1998-1999	887,837,493	394,507,049	90,087,831	*	1,372,432,373	1,430,510,601	95.9%	58,258,356	*
1999-2000	940,914,928	429,763,712	66,465,568	*	1,437,144,208	1,497,446,385	95.9%	59,328,314	*
2000-2001	994,267,575	479,928,323	69,737,433	*	1,543,933,331	1,603,816,189	96.3%	58,908,995	*

* The tax on bank shares was eliminated after fiscal year 1997 and replaced with a bank deposit tax. The bank deposit assessment is not included in this table due to incomparability with prior years and the unrealistic impact it would have on Table 7.

TABLE 6
CITY OF PADUCAH, KENTUCKY
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

Fiscal Year	General Fund		Public Library		Enterprise		Pension Trust		School Districts		Paducah			
	Real Estate	Personal	Real Estate	Personal	(*)	Real Estate	Personal	Real Estate	Real Estate	Personal	Junior College	Real Estate	Personal	Combined
1991-1992	.458	.490	.050	.050	.014	.015	.015	.591	.591	.032	.034	1.160	1.194	1.194
1992-1993	.452	.490	.049	.050	.014	.015	.015	.591	.591	.031	.034	1.138	1.180	1.180
1993-1994	.452	.490	.049	.050	-	.014	.015	.592	.592	.032	.034	1.139	1.181	1.181
1994-1995	.438	.490	.046	.050	-	.013	.015	.562	.595	.032	.034	1.091	1.184	1.184
1995-1996	.436	.390	.045	.050	-	.013	-	.600	.600	.032	.034	1.126	1.074	1.074
1996-1997	.327	.390	.043	.050	-	-	-	.594	.604	.032	.034	.966	1.078	1.078
1997-1998	.327	.390	.043	.050	-	-	-	.585	.607	.032	.034	.987	1.081	1.081
1998-1999	.318	.390	.041	.050	-	-	-	.598	.598	.030	.034	.987	1.072	1.072
1999-2000	.300	.390	.040	.050	-	-	-	.590	.590	.029	.034	.959	1.064	1.064
2000-2001	.300	.390	-	-	-	-	-	.597	.597	.022	.022	.919	1.009	1.009

(*) Real estate and personal property taxed at the same rate.

TABLE 7
CITY OF PADUCAH, KENTUCKY
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1991-1992	27,256	\$ 961,398,098	\$ 5,124,381	\$ 4,927,988	.51	\$ 180.80
1992-1993	27,256	1,039,443,748	5,599,003	5,380,845	.52	197.42
1993-1994	27,256	1,073,703,341	6,721,689	6,430,931	.60	235.95
1994-1995	27,256	1,183,260,411	5,679,872	2,575,998	.22	94.51
1995-1996	27,256	1,266,399,947	5,096,880	1,064,081	.08	39.04
1996-1997	27,256	1,207,688,660	977,586	-	-	-
1997-1998	27,256	1,263,171,596	826,877	-	-	-
1998-1999	27,256	1,372,432,373	656,261	-	-	-
1999-2000	27,256	1,437,144,208	521,966	-	-	-
2000-2001	26,307	1,543,933,331	9,671,330	9,438,689	.61	358.79

(1) Source:
Bureau of the Census Count - 1990 and 2000.

TABLE 8
CITY OF PADUCAH, KENTUCKY
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>(1) Total General Government Expenditures</u>	<u>Ratio of Debt Service To Total Governmental Fund Type Expenditures</u>
1991-1992	\$ 496,461	\$302,381	\$ 798,842	\$14,388,617	5.6%
1992-1993	292,759	327,436	620,195	15,064,088	4.1%
1993-1994	444,344	379,956	824,300	15,928,276	5.2%
1994-1995	913,564	405,000	1,318,564	16,744,678	7.9%
1995-1996	438,141	355,361	793,502	17,737,044	4.5%
1996-1997	4,119,275 *	431,669	4,550,944	19,823,351	22.9%
1997-1998	150,709	46,829	197,538	18,787,240	1.1%
1998-1999	170,615	35,891	206,506	21,306,659	1.0%
1999-2000	134,295	30,536	164,831	19,817,326	0.8%
2000-2001	140,636	25,752	166,388	20,677,530	0.8%

(1) Includes the General Fund and Municipal Aid Fund

* Includes in-substance defeasance of Kentucky League of Cities - Pooled Leasing debt.

**TABLE 9
CITY OF PADUCAH, KENTUCKY
COMPUTATION OF LEGAL DEBT MARGIN
YEAR ENDED JUNE 30, 2001**

Net assessed value		\$1,543,933,331
Add exemption		<u>58,908,995</u>
Total assessed value		<u><u>\$1,602,842,326</u></u>
Debt limit - 10% of total assessed value (1)		\$ 160,284,233
Debt outstanding:		
Obligation under capital lease	\$ 381,330	
General obligations bonds outstanding	<u>9,290,000</u>	
Total	9,671,330	
Less debt not subject to limit	<u>-</u>	
Gross bonded debt	9,671,330	
Less amount available in debt service funds	<u>232,641</u>	
Net bonded indebtedness subject to limit		<u>9,438,689</u>
Legal Debt Margin		<u><u>\$ 150,845,544</u></u>

(1) Section 158 of the Commonwealth of Kentucky states:

"Cities shall not be authorized or permitted to incur indebtedness to an amount, including existing indebtedness, in the aggregate exceeding the following named maximum percentages on the value of the taxable property therein, to be estimated by the assessment previous to the incurring of the indebtedness: Cities of the first and second classes, and of the third class having a population exceeding fifteen hundred, ten per centum."

TABLE 10
CITY OF PADUCAH, KENTUCKY
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS

Fiscal Year	Property Value			Commercial Construction		Residential Construction		(1) Bank Deposits (in thousands)	
	Commercial	Residential	Exemptions	Total	No. Units	Value	No. Units		Value
1991-1992	\$282,703,083	\$250,445,824	\$57,081,563	\$ 590,230,470	208	\$18,545,367	283	\$ 4,951,955	\$980,655
1992-1993	292,839,543	268,714,972	54,822,838	616,377,353	239	22,440,076	244	6,940,604	974,083
1993-1994	315,135,784	277,918,327	56,530,236	649,584,347	298	33,372,580	289	10,977,691	805,092
1994-1995	360,404,650	309,337,069	51,848,378	721,590,097	276	30,016,266	242	10,906,114	*
1995-1996	385,729,011	319,976,220	53,941,397	759,646,628	293	50,578,040	298	12,381,735	*
1996-1997	418,868,651	341,141,956	54,858,664	814,869,271	236	37,274,349	330	9,857,980	858,034
1997-1998	447,773,935	366,046,353	55,694,144	869,514,432	285	32,398,583	348	11,332,887	879,579
1998-1999	467,467,471	419,904,322	58,258,356	945,630,149	309	29,708,999	310	10,840,325	948,147
1999-2000	522,210,835	418,704,093	59,328,314	1,000,243,242	171	38,001,115	211	9,288,734	767,477
2000-2001	558,387,762	435,879,813	58,908,995	1,053,176,570	126	16,330,078	187	10,117,794	706,842

* Unavailable

(1) Sources:

Through fiscal year 1997 - Federal Deposit Insurance Corporation
Fiscal year 1998 and after - Kentucky Revenue Cabinet

TABLE 11
CITY OF PADUCAH, KENTUCKY
SCHEDULE OF SEWER REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>(1)</u> <u>Gross</u> <u>Revenue</u>	<u>(2)</u> <u>Expenses</u>	<u>Net Revenue</u> <u>Available</u> <u>for</u> <u>Debt Service</u>	<u>Debt Service Requirements</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
1991-1992	\$1,892,230	\$1,405,476	\$ 486,754	\$120,000	\$147,134	1.82x
1992-1993	2,008,841	1,611,584	397,257	125,000	139,244	1.50x
1993-1994	2,150,844	1,592,527	558,317	150,000	97,792	2.25x
1994-1995	2,664,623	1,770,685	893,938	190,000	65,090	3.50x
1995-1996	3,529,784	1,778,177	1,751,607	195,000	59,200	6.89x
1996-1997	3,479,257	1,917,660	1,561,597	205,000	52,570	6.06x
1997-1998	3,382,994	1,873,558	1,509,436	210,000	45,190	5.91x
1998-1999	3,369,358	2,081,507	1,287,851	110,000	37,105	8.75x
1999-2000	*	*	*	*	*	*
2000-2001	*	*	*	*	*	*

(1) Gross revenue includes only sewer charges received from customers.

(2) Total expenses are exclusive of depreciation and bond interest.

* This information is not applicable for fiscal years 2000 and 2001 since all assets and liabilities of the Wastewater/Stormwater Fund were transferred to the Paducah-McCracken County Joint Sewer Agency as of July 1, 1999.

**TABLE 12
CITY OF PADUCAH, KENTUCKY
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(2) Per Capita Income</u>	<u>(2) Median Age</u>	<u>(3) School Enrollment</u>	<u>(4) Unemployment Rate</u>
1991-1992	27,256	\$11,918	38.4	3,605	6.3%
1992-1993	27,256	11,918	36.6	3,365	5.9%
1993-1994	27,256	11,918	36.6	3,416	5.7%
1994-1995	27,256	11,918	36.6	3,389	3.9%
1995-1996	27,256	11,918	36.6	3,320	4.4%
1996-1997	27,256	11,918	36.6	3,312	5.5%
1997-1998	27,256	11,918	36.6	3,244	4.3%
1998-1999	27,256	11,918	36.6	3,195	3.2%
1999-2000	27,256	11,918	36.6	3,289	3.8%
2000-2001	26,307	11,918	39.9	3,037	4.2%

Sources:

(1) Bureau of the Census Count - 1990 and 2000.

(2) Bureau of the Census Count - 1990.

(3) Board of Education; represents elementary and secondary public schools.

(4) Kentucky Cabinet for Human Resources, Department for Employment Services.

**TABLE 13
CITY OF PADUCAH, KENTUCKY
MISCELLANEOUS STATISTICAL DATA
JUNE 30, 2001**

Miscellaneous:

Date of incorporation	1830
Form of government	City Manager, Mayor and Commissioners
Area - square miles	19.19
Miles of streets/paved	209
Miles of sidewalks	45
Population	26,307
Registered voters	15,117
Votes cast last general election	8,069
Number of hospitals	2

Schools:

Number of public schools:	
High school	1
Middle school	1
Elementary	4
Head Start	1
Alternative learning center	1
Adult education	1
Students	3,037
Teachers	237
Administrative personnel	33
Support personnel	271

Parks and Recreation:

Number of parks	20
Acres of parks	320
Public golf courses	2
Public swimming pools	3
Public tennis courts	6

**TABLE 13
CITY OF PADUCAH, KENTUCKY
MISCELLANEOUS STATISTICAL DATA
JUNE 30, 2001**

Police and Fire Protection:

Number of employees:	
Policemen	63
Fire fighters	75
Number of fire stations	5

Utilities:

Water utility:	
Number of users	22,044
Annual consumption	2,592,000,000 Gallons
Distribution lines	473 Miles
Employees	54
Sewer utility:	
Plant capacity main plant	9,000,000 Gallons/Day
Miles of collection system:	
Sanitary sewers	180 Miles
Combination sewers	56 Miles
Storm sewers	38 Miles
Employees	42
Electric utility:	
Number of street lights	4,573
Number of city maintained traffic light intersections	10
Employees	70

**TABLE 14
CITY OF PADUCAH, KENTUCKY
PRINCIPAL TAXPAYERS
JANUARY 1, 2001**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>(1) Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Kentucky Oaks Mall	Mall	\$ 45,570,900	3.37%
Wal-Mart	Retailer	35,688,462	2.64%
AmeriSource	Drug wholesaler	21,093,262	1.56%
H. B. Fuller	Adhesive manufacturing	14,219,648	1.05%
Lowe's	Retailer	13,845,576	1.02%
Drury Inns, Inc.	Motels	13,629,918	1.01%
Computer Services, Inc.	Bank data processor	12,983,718	0.96%
Firststar	Bank	11,964,595	0.88%
Duke & Long	Fuel distributor/Gas stations	11,980,316	0.89%
VMV	Locomotive remanufacturer	8,134,403	0.60%
Union Planters Bank	Bank	<u>5,960,502</u>	<u>0.44%</u>
TOTAL		<u><u>\$195,071,300</u></u>	<u><u>14.42%</u></u>

(1) Source - Property Valuation Administration; Assessed value as of January 1, 2001.

**TABLE 15
CITY OF PADUCAH, KENTUCKY
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2001**

	<u>Bonds/Loans Outstanding</u>	<u>Amount Available Debt Service Funds</u>	<u>Net Debt Outstanding</u>	<u>(1) Percentage Applicable to City of Paducah</u>
City of Paducah	\$ 9,671,330	\$232,641	\$ 9,438,689	100.0%
Paducah Independent School District	9,040,000	-	9,040,000	100.0%
McCracken County	6,700,000	-	6,700,000	48.3%
McCracken County Board of Education	<u>19,577,795</u>	<u>3,963</u>	<u>19,573,832</u>	23.8%
TOTALS	<u><u>\$44,989,125</u></u>	<u><u>\$236,604</u></u>	<u><u>\$44,752,521</u></u>	

(1) Applicable percentage is determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in reporting unit.

**TABLE 16
CITY OF PADUCAH, KENTUCKY
POLICE AND FIREFIGHTER'S RETIREMENT FUND
REVENUE BY SOURCE
LAST TEN FISCAL YEARS**

Fiscal Year	Employee Contributions	Employer Contributions	(1) Investment Income	Other	Total
1991-1992	\$45,069	\$206,749	\$ 923,314	\$69,336	\$1,244,468
1992-1993	37,910	173,909	908,887	10,376	1,131,082
1993-1994	36,797	356,200	852,563	396	1,245,956
1994-1995	34,737	323,844	784,629	2,702	1,145,912
1995-1996	33,253	340,773	884,085	4,052	1,262,163
1996-1997	33,888	744,484	858,541	1,203	1,638,116
1997-1998	36,110	660,651	989,175	8,967	1,694,903
1998-1999	31,371	593,776	716,366	2,998	1,344,511
1999-2000	27,640	649,274	1,224,591	2,000	1,903,505
2000-2001	28,482	865,026	1,033,814	-	1,927,322

(1) Includes interest and dividend income and net gain (loss) on sale of investments, but does not include net appreciation (depreciation) in fair value of investments.

TABLE 17
CITY OF PADUCAH, KENTUCKY
POLICE AND FIREFIGHTER'S RETIREMENT FUND
EXPENSES BY TYPE
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Refunds</u>	<u>Benefit Payments</u>	<u>Investment Services</u>	<u>Other</u>	<u>Total</u>
1991-1992	\$ -	\$1,268,892	\$ 6,554	\$ 5,975	\$1,281,421
1992-1993	19,117	1,342,978	7,224	25,164	1,394,483
1993-1994	-	1,394,169	6,504	28,331	1,429,004
1994-1995	-	1,492,528	6,302	5,842	1,504,672
1995-1996	-	1,535,885	7,119	12,433	1,555,437
1996-1997	-	1,585,549	7,008	2,102	1,594,659
1997-1998	-	1,613,710	15,777	7,649	1,637,136
1998-1999	28,684	1,695,198	11,756	10,831	1,746,469
1999-2000	-	1,719,043	10,993	9,868	1,739,904
2000-2001	-	1,742,179	8,008	10,437	1,760,624

TABLE 18
CITY OF PADUCAH, KENTUCKY
SUMMARY OF INSURANCE IN FORCE
JUNE 30, 2001

<u>Type of Coverage</u>	<u>Insurer</u>	<u>Policy No.</u>	<u>Liability Limits</u>	<u>Policy Term</u>	<u>Premium</u>
General liability	KMRMA	5429-L00	\$ 2,000,000	7/1/00 - 7/1/01	\$100,879
Property	KMRMA	5429-P00	35,296,295	7/1/00 - 7/1/01	45,864
Commercial auto	KMRMA	5429-L00	2,000,000	7/1/00 - 7/1/01	158,087
Public officials liability	KMRMA	5429-L00	2,000,000	7/1/00 - 7/1/01	42,704
Law enforcement liability	KMRMA	5429-L00	2,000,000	7/1/00 - 7/1/01	73,949
Workers' compensation	KLC Workers' Comp. Trust	WC00-1000376	2,000,000	7/1/00 - 7/1/01	343,496

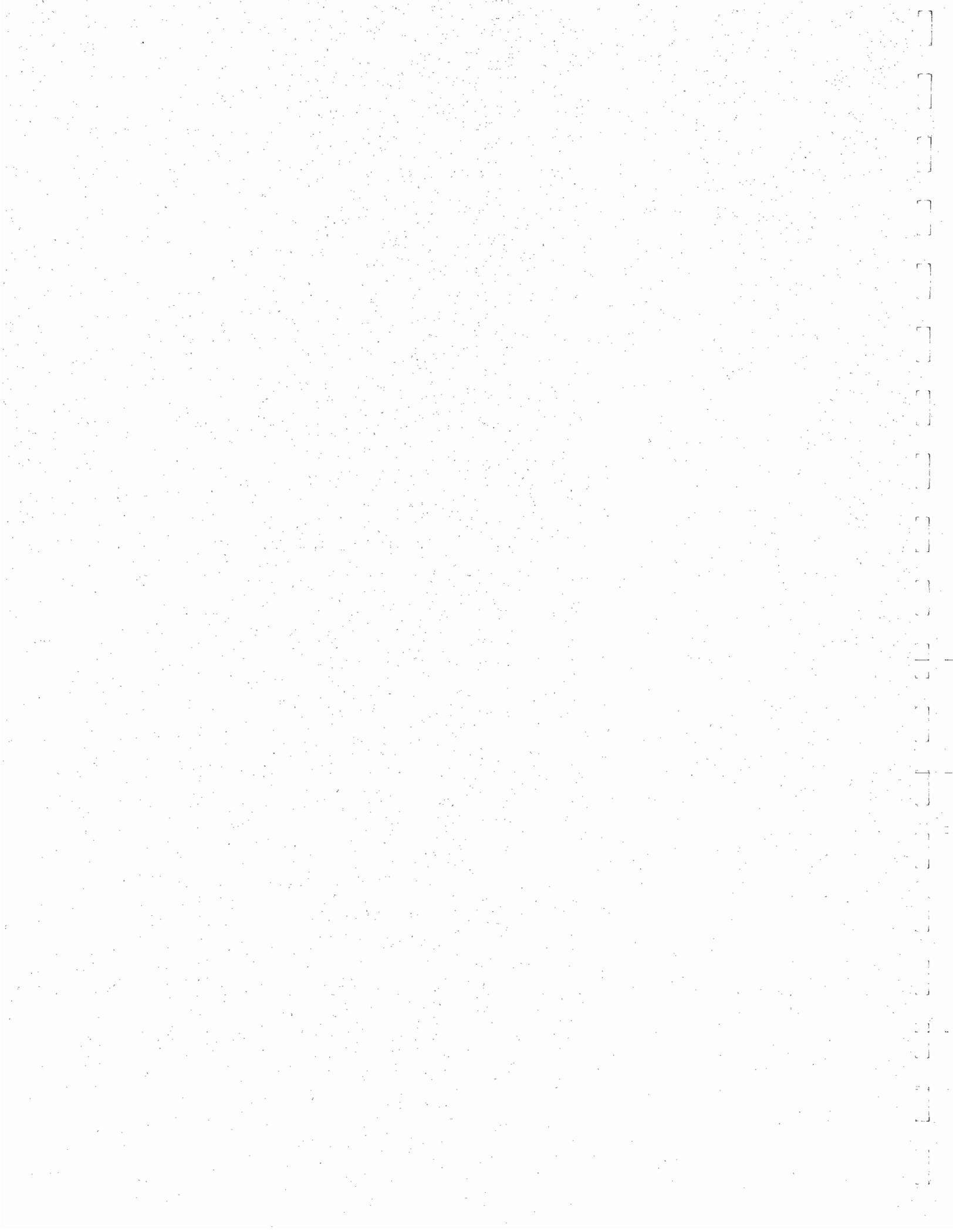
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CITY OF PADUCAH, KENTUCKY

SINGLE AUDIT SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2001



CITY OF PADUCAH, KENTUCKY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2001

<u>Federal Grantor/Pass-Through Grantor/ Program Title:</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Expenditures</u>
Department of Housing and Urban Development:			
Section 8 Housing Choice Vouchers Passed through Kentucky Department of Local Government:	14.871	Contract A-2877-E Contract A-2877-V	\$1,408,116
Community Development Block Grants/State's Program Passed through Kentucky Housing Corporation:	14.228	B-97-DC-21-0001(029) M-00044473 B-97-DC-21-0001(047) 99-101	163,985
HOME Investment Partnerships Program	14.239	M-96-SG-2101-05-00 M-97-SG-2101-05-00 M-98-SG-2101-05-00 M-99-SG-2101-05-00	<u>357,695</u>
Total Department of Housing and Urban Development			<u>1,929,796</u>
Department of Justice:			
Local Law Enforcement Block Grants Program	16.592	99-LB-VX-3172	17,085
Public Safety and Community Policing Grant	16.726	98-UM-WX-2055	<u>132,900</u>
Total Department of Justice			<u>149,985</u>
Department of Agriculture:			
Passed through Kentucky Department of Education: Summer Food Service Program for Children	10.559	N/A	<u>22,935</u>
Federal Emergency Management Agency:			
Passed through Kentucky Department of Military Affairs, Division of Disaster and Emergency Services: March 97 Severe Weather	83.105	FEMA-1163-DR-KY	<u>8,132</u>
U.S. Department of Transportation:			
Passed through Kentucky Transportation Cabinet: Transportation Enhancement Project - Streetscape	20.205	C-99039093	241,690
Historic Preservation Fund Grants-In-Aid Project - River Heritage Museum	15.904	C-00055075	<u>300,000</u>
Total Department of Transportation			<u>541,690</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$2,652,538</u></u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF PADUCAH, KENTUCKY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001

Note 1 - Basis of Presentation:

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

Note 2 – Subrecipients:

The City of Paducah did not provide federal awards to subrecipients during the year.

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**Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit
of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Honorable William F. Paxton, Mayor
Members of the Board of Commissioners
City of Paducah
Paducah, Kentucky

We have audited the general purpose financial statements of the City of Paducah, Kentucky, as of and for the year ended June 30, 2001, and have issued our report thereon dated September 12, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Paducah Water Works, Forest Hills Village, Inc., Paducah Power System, and Paducah Junior College, Incorporated were not audited in accordance with *Government Auditing Standards*.

Compliance

As part of obtaining reasonable assurance about whether the City of Paducah, Kentucky's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Paducah, Kentucky's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Board of Commissioners of the City of Paducah, Kentucky, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Williams, Williams & Lentz, LLP

September 12, 2001

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**Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control Over
Compliance in Accordance with OMB Circular A-133**

G. LEON WILLIAMS
H. WILLIAM LENTZ

Honorable William F. Paxton, Mayor
Members of the Board of Commissioners
City of Paducah
Paducah, Kentucky

Compliance

We have audited the compliance of the City of Paducah, Kentucky, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The City of Paducah, Kentucky's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the management of the City of Paducah, Kentucky. Our responsibility is to express an opinion on the City of Paducah, Kentucky's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Paducah Kentucky's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Paducah, Kentucky's compliance with those requirements.

In our opinion, the City of Paducah, Kentucky complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of the City of Paducah, Kentucky, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Paducah, Kentucky's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Board of Commissioners of the City of Paducah, Kentucky, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Williams, Williams & Lentz, LLP

September 12, 2001

CITY OF PADUCAH, KENTUCKY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2001

A. Summary of Audit Results:

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the City of Paducah, Kentucky.
2. No reportable conditions were disclosed during the audit of the general purpose financial statements of the City of Paducah, Kentucky.
3. No instances of noncompliance material to the general purpose financial statements of the City of Paducah, Kentucky were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for the City of Paducah, Kentucky expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards program to be reported.
7. The programs tested as major programs included:

Name	CFDA #
Housing Choice Vouchers	14.871
HOME Investment Partnerships Program	14.239
Historic Preservation Fund Grants-In-Aid Project - River Heritage Museum	15.904

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

B. Findings - General Purpose Financial Statements Audit:

None

C. Findings and Questioned Costs - Major Federal Award Programs:

None