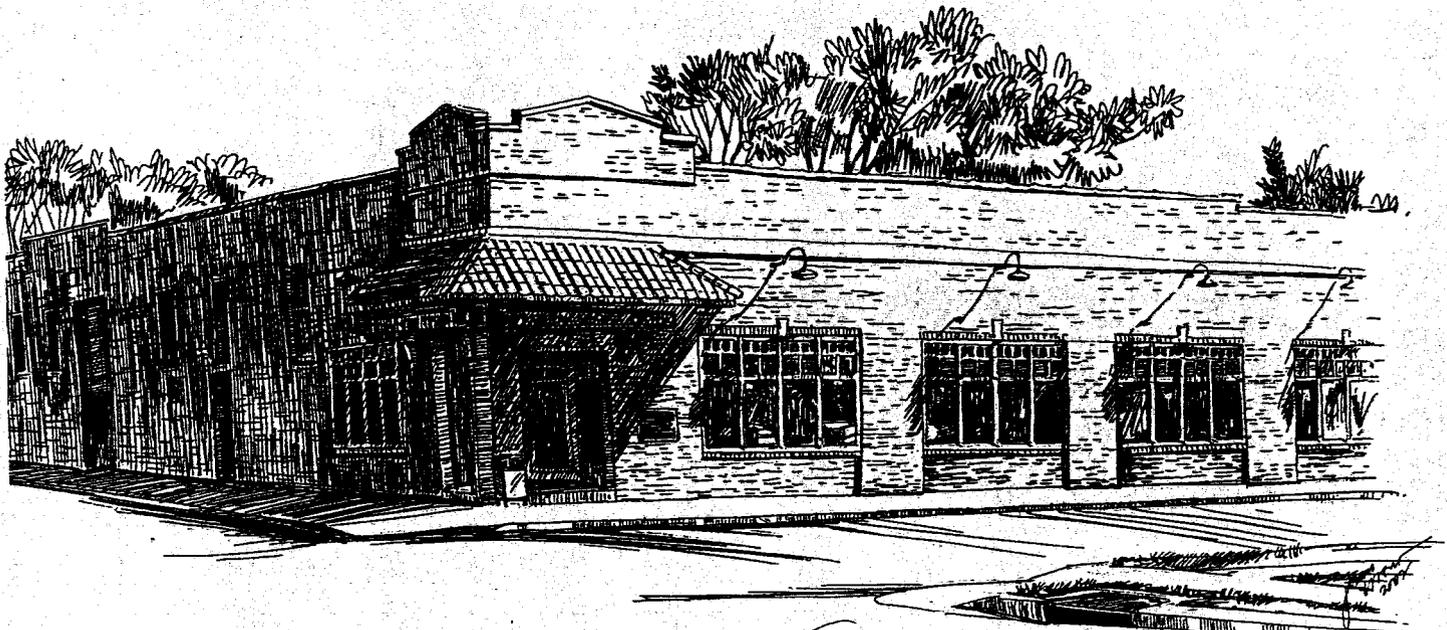


**CITY OF PADUCAH,
KENTUCKY**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

YEAR ENDED JUNE 30, 2002

**FINANCE DEPARTMENT
CITY OF PADUCAH,
KENTUCKY**



Paducah Transit System

June 11, 2002

City of Paducah
Paducah, Kentucky
Comprehensive Annual Financial Report
Year Ended June 30, 2002



**Issued by the
Finance Department**

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

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CITY OF PADUCAH, KENTUCKY

INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2002



CITY OF PADUCAH

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

September 12, 2002

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, 2002. 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 banking 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 Greater Paducah Economic Development Council (GPEDC) coordinates the City's efforts in strengthening and building economic development activities. 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 on 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 209 acres with immediate access to two major railroad lines, Paducah and Louisville and Paducah and Illinois (formerly Illinois Central). 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. Western Kentucky Vocational School and Paducah Area Vocational School offer business and technical skills training.

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 3,100 persons.

Recreation And Culture

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 Dogwood Festival, held in April, highlights the coming of spring in Paducah. 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 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 an October annual event in conjunction with the "Arts In Action" event. These events include 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. The Paducah Community College Library supplements this community resource. 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 326 full-time employees as of June 30, 2002. 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 Firefighters' 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, Paducah Junior College, incorporated and Paducah Mainstreet, Inc. 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 \$24,436,111 in fiscal year 2002, an increase of 3.5% over fiscal year 2001. 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 2002 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From FY 2001</u>	
			<u>Dollar Amt</u>	<u>Percent</u>
Taxes	\$ 5,006,538	20.50%	\$ 269,970	5.7%
Licenses & Permits	17,299,400	70.79%	594,370	3.6%
Charges for Services	657,826	2.69%	79,344	13.7%
Grants	665,614	2.72%	(58,012)	-8.0%
Interest	220,188	0.90%	(138,799)	-38.7%
Miscellaneous	586,545	2.40%	79,064	15.6%
Total Revenue	\$24,436,111	100.00%	\$ 825,937	3.5%

The most substantial increase in the revenue categories above in actual dollars is in 'Licenses & Permits', which amounted to \$594,370. Payroll tax increased \$270,096, while insurance premium tax collections increased \$203,719 over last year. In fiscal year 1992, \$5.9 million was received in payroll tax revenues, while the fiscal year 2002 revenue was \$9.9 million, an average growth rate of 5.8 percent a year. Payroll tax revenue only grew 2.8 percent over last year, due in part to the national economic slowdown.

Insurance premium tax collections increased 6.0 percent or \$203,719 over last year due in part to recovery of one-time delinquent accounts and the rise in insurance premiums. In fiscal year 1992, \$2.28 million was received, and in fiscal year 1999, the revenue hit \$3.36 million, giving an average compounded growth rate of 5.7 percent a year. While insurance premium tax revenue was \$3.36 million in 1999, it subsequently hit a 7-year low in 2000 at \$2.97 million. Since fiscal 2001, the insurance premium tax has maintained a positive growth at a rate greater than inflation.

While license revenue dollars grew the most, the 'Interest' category decreased most dramatically as a percentage of change, 38.7 percent or \$138,799. The interest revenue decrease was caused primarily by the steady decline in interest rates.

Expenditures

Expenditures for General Fund functions totaled \$21,194,348, an increase of 8.0% over fiscal year 2001. Increases and decreases in levels of expenditures by major functions compared to the preceding year are shown in the following tabulation:

	<u>FY 2002 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From FY 2001</u>	
			<u>Dollar Amt</u>	<u>Percent</u>
General Government	\$ 3,446,408	16.3%	\$ 60,078	1.8%
Public Safety	11,076,152	52.3%	546,140	5.2%
Public Service	5,453,818	25.7%	581,231	11.9%
Recreation	897,060	4.2%	158,659	21.5%
Other	320,910	1.5%	221,253	222.0%
Total Expenditures	\$21,194,348	100.0%	\$1,567,361	8.0%

Expenditures experienced a net increase of 8.0 percent or \$1,567,361 between fiscal year 2001 and fiscal year 2002, as compared to the increase in spending between fiscal year 2000 and fiscal year 2001, of \$465,935 or 2.4 percent. The fiscal year 1995 expenditure per capita was \$595 and changed to \$728 and \$806 in fiscal year 2000 and fiscal year 2002, respectively. Per capita expenditures have increased on average 4.5 percent annually since fiscal year 1995. Fiscal year 2002 General Fund combined expenditures and transfers out increased \$35 per citizen from the fiscal year 2001 amount of \$886.

The fiscal year 2002 budget process played a significant role in identifying spending trends, and that process should be carried over into fiscal year 2003. The fiscal year 2002 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 \$581,231. The majority of the change was caused by completion of the reorganization in the Public Works Department in addition to significant facility and building improvements. The Recreation Department's Grounds and Cemetery Division was merged into the Public Works Landscape Maintenance Division in order to consolidate all similar maintenance functions.

The next largest expenditure change was for 'Public Safety', a \$546,140 or 11.9% increase over last year. Public Safety expenditures are made up of Police and Fire Department operational costs. The vast majority of the Public Safety increase was for the Police Department at \$412,180 or 7.2% over the previous year. Most of the Police increase can be attributed to having full staff for the first time in many years.

The 'Other' expenditure category changed the most as a percentage at 222% or \$221,253. This increase was caused by the reclassification of 'grant match expense' from an 'operating transfer out' to an 'Other' expenditure.

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. Independent money managers handle Police and Firefighters' Pension Funds. 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 2002 in the General Fund was \$220,188, on rates varying from 3.00% 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 \$799,000 and \$765,000 in fiscal year 2002 and fiscal year 2001, 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 2002, projects and equipment expenditures totaled nearly \$9.9 million. The largest project, in terms of dollars in fiscal year 2002, was the City's contribution towards the construction of the Convention Exposition Center of nearly \$6.0 million. In the upcoming years, several street, economic development, quality of life and drainage projects will continue and are estimated to cost several million dollars. Capital improvement projects such as the Four Rivers Center, airport expansion, police and recreational facility improvements, neighborhood revitalization, and street and sidewalk rehabilitation are among the projects to be addressed over the next few years.

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 BB&T 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 \$963,911 with net assets valued at \$10,382,217 on June 30, 2002. There were 8 active members and 103 retirees in this fund as of June 30, 2002. The most recent actuarial report prepared for the PFPF was as of July 1, 2002.

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 6.41% for non-hazardous and 16.28% for hazardous duty employees in fiscal year 2002.

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 15 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 \$17,166 in fiscal year 2002, with net assets valued as of June 30, 2002, of \$344,273.

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 programs, respectively. All these changes were made to better account for the cost of operations. The Wastewater/Stormwater Fund will phase out in fiscal year 2003, as accounts are settled with the Paducah-McCracken County Joint Sewer Authority (JSA). This agency 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 (\$416,600) and Annex renovation which houses the Emergency 911 Command Center (\$214,100). 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 \$591,000.

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 (\$3.0 million) and the expansion of the Julian Carroll Convention Center (\$6.0 million). 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 the City issues these bonds, 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 2002 were \$775,639. Below is a summary of all general long-term debt of the City of Paducah.

	<u>Balance</u> <u>July 1, 2001</u>	<u>Net</u> <u>Change</u>	<u>Balance</u> <u>June 30, 2002</u>
General Obligation Bonds:			
Convention & Arts Center	\$ 9,290,000	\$(215,000)	\$ 9,075,000
General Fund accrued compensated absences	1,290,795	21,583	1,312,378
Capital lease: Fire Equipment	381,330	(147,276)	234,054
Totals	\$10,962,125	\$(340,693)	\$10,621,432

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 2002, was 5.5%.

The City has experienced a slow down in economic growth due to the national economic slow down in fiscal year 2002. In spite of the national slowdown, Paducah has continued to experience retail growth in the Kentucky Oaks Mall area and the City's Southside. 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 complete construction in 2003 at a cost in excess of \$34 million. The State of Kentucky contributed \$20 million toward the project, with the balance of the cost funded locally by government, tourism taxes and private donations.

Since its inception, the Paducah Enterprise Zone Program has produced 311 qualified businesses, which have pledged expenditures of \$76.9 million in addition to creating 285 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, 2001. This was the eleventh year for Paducah to receive this prestigious award.

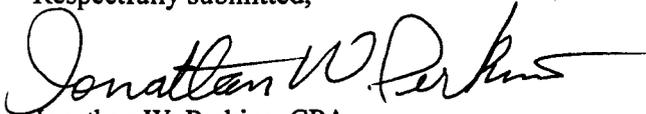
In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, the City published an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. The report satisfied both generally accepted accounting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

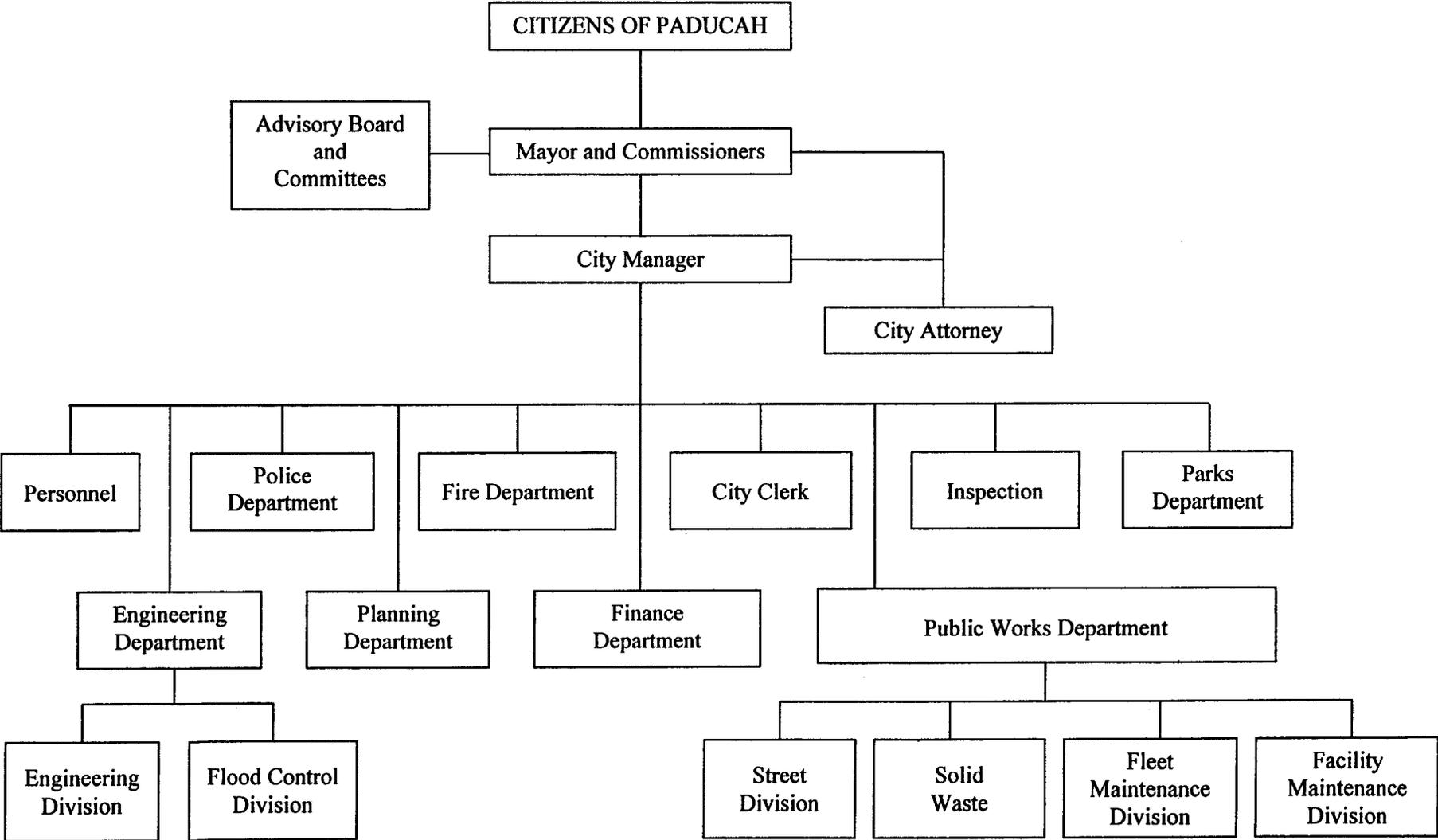
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We wish to express our appreciation to all members of the Finance Department who assisted and contributed to its preparation, and special 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,

A handwritten signature in black ink that reads "Jonathan W. Perkins". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

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~~

DAVID GUESS

CITY MANAGER

James Zumwalt

Personnel

Finance

Police Chief

Fire Chief

City Engineer

Planning

Parks Services

Inspections

Public Works

Information Services

~~Acting~~ City Clerk

~~Dick Berry~~

Jonathan Perkins, C.P.A.

Randy Bratton

Redell Benton

Richard Murphy

Thomas Barnett

Mark Thompson

Joel Scarbrough

Bob Freudenthal

Greg Mueller

Tammy Brock

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, 2001

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.



Thomas A. Crave
President

Jeffrey L. Esser
Executive Director

CITY OF PADUCAH, KENTUCKY

FINANCIAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2002

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

J. RICHARD WALKER
ROBERT R. ROBERTSON
JERRY G. SEVERNS
C. SUZETTE CRONCH
ANNETTE T. RYAN
MICHAEL F. KARNES
MARK A. THOMAS
ROGER G. HARRIS
J. DAVID BAILEY, III

TELEPHONE
AREA CODE 270
443-3843

Independent Auditor's Report

G. LEON WILLIAMS
H. WILLIAM LENTZ

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, 2002, 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. The financial statements of Paducah Water Works, Forest Hills Village, Inc., and Paducah Power System were not audited in accordance with *Government Auditing Standards*. 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, 2002, 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 report dated September 12, 2002, 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 61 and 62 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, 2002

CITY OF PADUCAH, KENTUCKY

FINANCIAL SECTION

COMBINED STATEMENTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2002

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, 2002

<u>ASSETS AND OTHER DEBITS</u>	<u>Governmental Fund Types</u>				<u>Proprietary</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>
Cash and cash equivalents	\$2,279,168	\$1,233,788	\$ 45,684	\$1,446,742	\$1,599,453
Investments	2,996,685	508,903	-	3,235,081	407,123
Receivables:					
Accounts	64,531	78,710	-	-	-
Notes	-	-	200,667	-	-
Grants	97,255	53,079	-	-	-
Interest	39,001	1,421	-	1,472	2,328
Property taxes (net of allowances for uncollectibles)	3,746,498	-	-	-	-
Due from other funds	258,908	-	-	-	-
Due from other taxing agencies	-	-	-	-	-
Other	-	-	-	-	-
Prepaid items	-	-	-	-	-
Inventory	-	-	-	-	359
Restricted assets	-	-	-	-	-
Other assets	-	-	-	-	-
Land	-	-	-	-	65,908
Buildings	-	-	-	-	324,882
Machinery and equipment	-	-	-	-	3,793,415
Utility plant	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	(2,673,228)
Amount available in debt service funds	-	-	-	-	-
Amounts to be provided for:					
Retirement of general long-term debt	-	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	<u>\$9,482,046</u>	<u>\$1,875,901</u>	<u>\$246,351</u>	<u>\$4,683,295</u>	<u>\$3,520,240</u>

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		Units
Internal	Trust	Fixed	Long-Term	Only)		Reporting
Service	and	Assets	Debt	Primary		Entity
	Agency			Government		
\$ 701,068	\$ 936,231	\$ -	\$ -	\$ 8,242,134	\$ 1,935,089	\$ 10,177,223
229,781	10,041,456	-	-	17,419,029	698,415	18,117,444
139,924	-	-	-	283,165	2,723,535	3,006,700
-	-	-	-	200,667	-	200,667
-	-	-	-	150,334	-	150,334
4,275	81,285	-	-	129,782	3,344	133,126
-	188,841	-	-	3,935,339	579,677	4,515,016
-	-	-	-	258,908	-	258,908
-	2,114	-	-	2,114	-	2,114
-	6,130	-	-	6,130	863,562	869,692
-	-	-	-	-	53,063	53,063
125,408	-	-	-	125,767	1,779,501	1,905,268
-	-	-	-	-	12,253,350	12,253,350
-	-	-	-	-	1,297,400	1,297,400
-	-	5,054,656	-	5,120,564	166,542	5,287,106
20,000	-	13,026,970	-	13,371,852	18,865,462	32,237,314
2,323,175	-	9,841,176	-	15,957,766	3,469,915	19,427,681
-	-	-	-	-	109,334,836	109,334,836
(919,134)	-	-	-	(3,592,362)	(45,945,068)	(49,537,430)
-	-	-	244,724	244,724	-	244,724
-	-	-	10,376,708	10,376,708	-	10,376,708
<u>\$2,624,497</u>	<u>\$11,256,057</u>	<u>\$27,922,802</u>	<u>\$10,621,432</u>	<u>\$72,232,621</u>	<u>\$108,078,623</u>	<u>\$180,311,244</u>

(Continued)

CITY OF PADUCAH, KENTUCKY
COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS,
AND DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2002

LIABILITIES, FUND EQUITY AND OTHER CREDITS	Governmental Fund Types				Proprietary
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
Liabilities:					
Voucher and accounts payable	\$ 501,531	\$ 295,795	\$ -	\$ 108,649	\$ 385,095
Accrued payroll and payroll taxes	509,080	33,651	-	-	16,577
Due to other funds	-	70,478	-	4,000	-
Due to taxing agencies	-	-	-	-	-
Deferred revenues	3,746,773	193,909	1,283	358,928	-
Deferred compensation benefits payable	-	-	-	-	-
Accrued compensated absences	283,000	-	-	-	59,696
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	5,040,384	593,833	1,627	471,577	461,368
Fund Equity and Other Credits:					
Contributed capital	-	-	-	-	370,861
Investment in general fixed assets and plant	-	-	-	-	-
Retained earnings	-	-	-	-	2,688,011
Fund balances:					
Reserved for employees' pension benefits	-	-	-	-	-
Reserved for trust purposes	-	-	-	-	-
Reserved for program purposes	-	567,096	-	-	-
Reserved for capital improvements	-	-	-	4,211,718	-
Reserved for scholarships and other	-	-	-	-	-
Unreserved:					
Designated for debt service	-	-	244,724	-	-
Designated for street improvement	-	327,944	-	-	-
Undesignated	4,441,662	387,028	-	-	-
Total fund equity and other credits	4,441,662	1,282,068	244,724	4,211,718	3,058,872
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$9,482,046	\$1,875,901	\$246,351	\$4,683,295	\$3,520,240

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		Units
Internal	Trust	Fixed	Long-Term	Only)		Reporting
Service	and	Assets	Debt	Primary		Entity
	Agency			Government		
\$ 300,554	\$ 509	\$ -	\$ -	\$ 1,592,133	\$ 3,193,355	\$ 4,785,488
5,688	255,382	-	-	820,378	393,528	1,213,906
83,712	100,718	-	-	258,908	-	258,908
-	90,237	-	-	90,237	-	90,237
-	-	-	-	4,300,893	1,862,676	6,163,569
-	-	-	-	-	149,944	149,944
50,858	-	-	1,312,378	1,705,932	123,594	1,829,526
-	-	-	-	-	1,556,928	1,556,928
-	-	-	-	344	225,566	225,910
-	-	-	9,075,000	9,075,000	-	9,075,000
-	-	-	234,054	234,054	-	234,054
-	-	-	-	-	5,965,526	5,965,526
-	-	-	-	-	6,025,792	6,025,792
-	-	-	-	-	385,615	385,615
440,812	446,846	-	10,621,432	18,077,879	19,882,524	37,960,403
260,495	-	-	-	631,356	12,940,382	13,571,738
-	-	27,922,802	-	27,922,802	16,806,902	44,729,704
1,923,190	-	-	-	4,611,201	52,720,211	57,331,412
-	10,726,490	-	-	10,726,490	-	10,726,490
-	69,073	-	-	69,073	-	69,073
-	-	-	-	567,096	-	567,096
-	-	-	-	4,211,718	-	4,211,718
-	-	-	-	-	2,580,425	2,580,425
-	-	-	-	244,724	-	244,724
-	-	-	-	327,944	-	327,944
-	13,648	-	-	4,842,338	3,148,179	7,990,517
2,183,685	10,809,211	27,922,802	-	54,154,742	88,196,099	142,350,841
<u>\$2,624,497</u>	<u>\$11,256,057</u>	<u>\$27,922,802</u>	<u>\$10,621,432</u>	<u>\$72,232,621</u>	<u>\$108,078,623</u>	<u>\$180,311,244</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, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	\$ 5,006,538	\$ -	\$371,327	\$ -
Licenses	17,299,400	-	-	-
Charges for services	657,826	794,906	-	-
Intergovernmental	-	399,977	161,021	29,374
Grants	665,614	2,332,410	-	992,221
Interest	220,188	46,090	-	274,999
Miscellaneous	586,545	257,524	-	119,887
Total revenues	24,436,111	3,830,907	532,348	1,416,481
Expenditures:				
Current:				
General government	3,446,408	-	-	-
Public safety	11,076,152	1,217,329	-	-
Public service	5,453,818	1,709,969	-	-
Parks	897,060	-	-	-
Planning and development	-	2,231,628	-	-
Other	320,910	-	-	2,934
Capital outlay	-	-	-	7,579,179
Debt service:				
Principal requirement	-	-	362,275	-
Interest and fiscal requirement	-	-	413,364	-
Total expenditures	21,194,348	5,158,926	775,639	7,582,113
Excess of revenues over (under) expenditures	3,241,763	(1,328,019)	(243,291)	(6,165,632)
Other Financing Sources (Uses):				
Operating transfers in	3,789	836,253	255,375	693,045
Operating transfers out	(3,033,267)	(28,789)	-	-
Total other financing sources (uses)	(3,029,478)	807,464	255,375	693,045
Excess of revenues and other financing sources over (under) expenditures and other uses	212,285	(520,555)	12,084	(5,472,587)
Fund balances, July 1, 2001, as previously reported	4,229,377	1,851,640	232,640	9,834,405
Adjustment to beginning fund balances	-	(49,017)	-	(150,100)
FUND BALANCES, JUNE 30, 2002	\$ 4,441,662	\$1,282,068	\$244,724	\$4,211,718

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

<u>Fiduciary Fund Type Expendable Trust</u>	<u>Totals (Memorandum Only) Primary Government</u>	<u>Component Units</u>	<u>Totals (Memorandum Only) Reporting Entity</u>
\$ -	\$ 5,377,865	\$ -	\$ 5,377,865
-	17,299,400	-	17,299,400
-	1,452,732	-	1,452,732
-	590,372	37,934	628,306
-	3,990,245	-	3,990,245
306	541,583	381	541,964
-	963,956	53,744	1,017,700
<u>306</u>	<u>30,216,153</u>	<u>92,059</u>	<u>30,308,212</u>
50	3,446,458	-	3,446,458
-	12,293,481	-	12,293,481
-	7,163,787	-	7,163,787
-	897,060	-	897,060
-	2,231,628	92,783	2,324,411
-	323,844	-	323,844
-	7,579,179	-	7,579,179
-	362,275	-	362,275
-	413,364	-	413,364
<u>50</u>	<u>34,711,076</u>	<u>92,783</u>	<u>34,803,859</u>
<u>256</u>	<u>(4,494,923)</u>	<u>(724)</u>	<u>(4,495,647)</u>
-	1,788,462	-	1,788,462
-	(3,062,056)	-	(3,062,056)
-	(1,273,594)	-	(1,273,594)
256	(5,768,517)	(724)	(5,769,241)
13,392	16,161,454	-	16,161,454
-	(199,117)	3,354	(195,763)
<u>\$13,648</u>	<u>\$10,193,820</u>	<u>\$ 2,630</u>	<u>\$10,196,450</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, 2002

	<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	\$ 4,907,920	\$ 5,006,538	\$ 98,618	\$ -	\$ -
Licenses and permits	17,391,150	17,299,400	(91,750)	-	-
Charges for services	655,695	657,826	2,131	797,950	794,906
Intergovernmental	-	-	-	399,975	399,977
Grants	578,435	665,614	87,179	849,960	757,145
Interest	220,190	220,188	(2)	44,525	44,530
Other	596,545	586,545	(10,000)	257,460	257,524
Total revenues	<u>24,349,935</u>	<u>24,436,111</u>	<u>86,176</u>	<u>2,349,870</u>	<u>2,254,082</u>
Expenditures:					
Current:					
General government	3,448,280	3,446,408	1,872	646,170	687,106
Public safety	11,077,265	11,076,152	1,113	1,217,375	1,217,329
Public service	5,456,105	5,453,818	2,287	1,710,020	1,709,969
Parks	898,515	897,060	1,455	-	-
Other	321,030	320,910	120	-	-
Principal requirement	-	-	-	-	-
Interest and fiscal requirement	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>21,201,195</u>	<u>21,194,348</u>	<u>6,847</u>	<u>3,573,565</u>	<u>3,614,404</u>
Excess of revenues over (under) expenditures	<u>3,148,740</u>	<u>3,241,763</u>	<u>93,023</u>	<u>(1,223,695)</u>	<u>(1,360,322)</u>
Other Financing Sources (Uses):					
Operating transfers in	3,785	3,789	4	931,775	836,253
Operating transfers out	(3,265,135)	(3,033,267)	231,868	(35,860)	(28,789)
Total other financing sources (uses)	<u>(3,261,350)</u>	<u>(3,029,478)</u>	<u>231,872</u>	<u>895,915</u>	<u>807,464</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$ (112,610)</u>	<u>212,285</u>	<u>\$ 324,895</u>	<u>\$ (327,780)</u>	<u>(552,858)</u>
Fund balances, July 1, 2001		4,229,377			1,579,802
Adjustment to beginning fund balance		-			-
FUND BALANCES, JUNE 30, 2002		<u>\$ 4,441,662</u>			<u>\$1,026,944</u>

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

<u>Revenue Funds</u>	<u>Debt Service Fund</u>			<u>Capital Projects Funds</u>		
Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
\$ -	\$ 371,325	\$ 371,327	\$ 2	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
(3,044)	-	-	-	-	-	-
2	161,020	161,021	1	29,370	29,374	4
(92,815)	-	-	-	891,535	992,221	100,686
5	-	-	-	274,990	274,999	9
64	-	-	-	119,880	119,887	7
<u>(95,788)</u>	<u>532,345</u>	<u>532,348</u>	<u>3</u>	<u>1,315,775</u>	<u>1,416,481</u>	<u>100,706</u>
(40,936)	-	-	-	-	-	-
46	-	-	-	-	-	-
51	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	2,935	2,934	1
-	362,275	362,275	-	-	-	-
-	413,460	413,364	96	-	-	-
-	-	-	-	7,522,380	7,579,179	(56,799)
<u>(40,839)</u>	<u>775,735</u>	<u>775,639</u>	<u>96</u>	<u>7,525,315</u>	<u>7,582,113</u>	<u>(56,798)</u>
<u>(136,627)</u>	<u>(243,390)</u>	<u>(243,291)</u>	<u>99</u>	<u>(6,209,540)</u>	<u>(6,165,632)</u>	<u>43,908</u>
(95,522)	255,375	255,375	-	830,620	693,045	(137,575)
7,071	-	-	-	-	-	-
<u>(88,451)</u>	<u>255,375</u>	<u>255,375</u>	<u>-</u>	<u>830,620</u>	<u>693,045</u>	<u>(137,575)</u>
<u><u>\$(225,078)</u></u>	<u><u>\$ 11,985</u></u>	12,084	<u><u>\$ 99</u></u>	<u><u>\$ (5,378,920)</u></u>	(5,472,587)	<u><u>\$ (93,667)</u></u>
		232,640			9,834,405	
		-			(150,100)	
		<u><u>\$ 244,724</u></u>			<u><u>\$ 4,211,718</u></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, 2002

	<u>Proprietary Fund Types</u>		<u>Fiduciary</u> <u>Fund Type</u>
	<u>Enterprise</u>	<u>Internal</u> <u>Service</u>	<u>Nonexpendable</u> <u>Trust</u>
Operating Revenues:			
Charges for services	\$3,333,293	\$4,255,496	\$ -
Intergovernmental	-	-	2,410
Other	2,298	-	-
Total operating revenues	<u>3,335,591</u>	<u>4,255,496</u>	<u>2,410</u>
Operating Expenses:			
Cost of sales	2,963,984	4,072,575	-
Investment fees and administrative	-	-	276
Depreciation and amortization	388,161	243,260	-
Total operating expenses	<u>3,352,145</u>	<u>4,315,835</u>	<u>276</u>
Operating income (loss)	<u>(16,554)</u>	<u>(60,339)</u>	<u>2,134</u>
Nonoperating Revenues (Expenses):			
Grants	-	-	-
Investment income	51,404	12,727	2,930
Gain (loss) on disposal of property and equipment	35,753	17,213	-
Interest expense	-	-	-
Other	-	-	-
Amortization	-	-	-
Total nonoperating revenues (expenses)	<u>87,157</u>	<u>29,940</u>	<u>2,930</u>
Income (loss) before operating transfers	<u>70,603</u>	<u>(30,399)</u>	<u>5,064</u>
Operating Transfers In (Out):			
Operating transfers in	<u>10,000</u>	<u>591,318</u>	<u>-</u>
Net income (loss)	<u>80,603</u>	<u>560,919</u>	<u>5,064</u>
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, 2001	2,553,981	1,301,757	64,009
Adjustment to beginning fund balance	<u>-</u>	<u>60,514</u>	<u>-</u>
RETAINED EARNINGS/FUND BALANCES, JUNE 30, 2002	<u><u>\$2,688,011</u></u>	<u><u>\$1,923,190</u></u>	<u><u>\$69,073</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
\$7,588,789	\$46,774,472	\$54,363,261
2,410	-	2,410
2,298	-	2,298
<u>7,593,497</u>	<u>46,774,472</u>	<u>54,367,969</u>
7,036,559	43,527,072	50,563,631
276	-	276
631,421	3,484,900	4,116,321
<u>7,668,256</u>	<u>47,011,972</u>	<u>54,680,228</u>
<u>(74,759)</u>	<u>(237,500)</u>	<u>(312,259)</u>
-	2,007,546	2,007,546
67,061	311,382	378,443
52,966	-	52,966
-	(652,919)	(652,919)
-	42,407	42,407
-	(84,698)	(84,698)
<u>120,027</u>	<u>1,623,718</u>	<u>1,743,745</u>
<u>45,268</u>	<u>1,386,218</u>	<u>1,431,486</u>
601,318	-	601,318
<u>646,586</u>	<u>1,386,218</u>	<u>2,032,804</u>
53,427	112,256	165,683
-	(1,591,799)	(1,591,799)
3,919,747	52,813,536	56,733,283
<u>60,514</u>	<u>-</u>	<u>60,514</u>
<u>\$4,680,274</u>	<u>\$52,720,211</u>	<u>\$57,400,485</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, 2002

	<u>Proprietary Fund Types</u>	
	<u>Enterprise</u>	<u>Internal Service</u>
Cash Flows from Operating Activities:		
Operating income (loss)	\$ (16,554)	\$ (60,339)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	388,161	243,260
Provision for losses on accounts receivable	-	-
Debt discount and issue cost	-	-
(Increase) decrease in:		
Receivables	242,749	39,653
Inventories	-	7,870
Other assets	-	-
Increase (decrease) in:		
Accounts payable and accrued expenses	35,870	67,690
Net cash provided (used) by operating activities	<u>650,226</u>	<u>298,134</u>
Cash Flows from Noncapital Financing Activities:		
Operating transfers from other funds	10,000	591,318
Operating grants received	-	-
Net cash provided (used) by noncapital financing activities	<u>10,000</u>	<u>591,318</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(386,026)	(470,781)
Interest paid on bonds and public improvement debt	-	-
Interest paid on long-term debt	-	-
Contributed capital	-	-
Proceeds from sale of capital assets	393	17,213
Proceeds from issuance of long-term debt	-	-
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>(385,633)</u>	<u>(453,568)</u>
Cash Flows from Investing Activities:		
Purchase of investment securities	528,237	33,986
Proceeds from sales and maturities of investment securities	-	-
Investment income	51,404	12,727
Net cash provided (used) by investing activities	<u>579,641</u>	<u>46,713</u>
Net increase (decrease) in cash and cash equivalents	854,234	482,597
Cash and cash equivalents, July 1, 2001	<u>745,219</u>	<u>218,471</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2002 (Includes restricted assets of enterprise fund)	<u>\$1,599,453</u>	<u>\$ 701,068</u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Total cash and cash equivalents per the balance sheet	\$1,599,453	\$ 701,068
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>\$1,599,453</u>	<u>\$ 701,068</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> Nonexpendable Trust	<u>Totals (Memorandum Only) Primary Government</u>	<u>Component Units</u>	<u>Totals (Memorandum Only) Reporting Entity</u>
\$ 2,134	\$ (74,759)	\$ (237,500)	\$ (312,259)
-	631,421	3,484,900	4,116,321
-	-	195,974	195,974
-	-	(118,625)	(118,625)
-	282,402	(207,800)	74,602
-	7,870	(595,457)	(587,587)
-	-	(45,961)	(45,961)
-	103,560	196,117	299,677
<u>2,134</u>	<u>950,494</u>	<u>2,671,648</u>	<u>3,622,142</u>
-	601,318	-	601,318
-	-	596,849	596,849
-	<u>601,318</u>	<u>596,849</u>	<u>1,198,167</u>
-	(856,807)	(5,773,104)	(6,629,911)
-	-	(301,519)	(301,519)
-	-	(354,200)	(354,200)
-	-	156,632	156,632
-	17,606	10,100	27,706
-	-	3,539,914	3,539,914
-	-	(1,222,285)	(1,222,285)
-	-	(87,684)	(87,684)
-	-	1,591,799	1,591,799
-	<u>(839,201)</u>	<u>(2,440,347)</u>	<u>(3,279,548)</u>
(37,992)	524,231	(2,134,778)	(1,610,547)
20,457	20,457	2,409,689	2,430,146
3,333	67,464	311,382	378,846
<u>(14,202)</u>	<u>612,152</u>	<u>586,293</u>	<u>1,198,445</u>
(12,068)	1,324,763	1,414,443	2,739,206
13,085	976,775	3,979,337	4,956,112
<u>\$ 1,017</u>	<u>\$2,301,538</u>	<u>\$5,393,780</u>	<u>\$7,695,318</u>
\$ 936,231	\$3,236,752	\$1,800,517	\$5,037,269
(935,214)	(935,214)	-	(935,214)
-	-	3,593,263	3,593,263
<u>\$ 1,017</u>	<u>\$2,301,538</u>	<u>\$5,393,780</u>	<u>\$7,695,318</u>
<u>\$ (488,703)</u>	<u>\$ (488,703)</u>	<u>\$ -</u>	<u>\$ (488,703)</u>

**CITY OF PADUCAH, KENTUCKY
PENSION TRUST FUNDS
COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS
YEAR ENDED JUNE 30, 2002**

Additions:	
Contributions:	
Employer	\$ 209,356
Plan member	29,224
Interfund transfers	<u>672,276</u>
Total contributions	910,856
Net investment income	<u>11,862</u>
Total additions	<u>922,718</u>
Deductions:	
Benefits	1,863,279
Administrative expense	<u>40,516</u>
Total deductions	<u>1,903,795</u>
Net decrease	(981,077)
Net assets held in trust for pension benefits:	
July 1, 2001	<u>11,707,567</u>
JUNE 30, 2002	<u><u>\$10,726,490</u></u>

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

Paducah is a
Vibrant and Beautiful River City
In the heart of the Four Rivers Region.
Our region has a Strong Economy.
Our City has a National Reputation for the Arts.
We are a Hometown for Families
and an Inclusive Community
Our residents enjoy choices of
Livable Neighborhoods
With Quality Homes
And Fun Things to Do.
We take Great Pride in Paducah.

This budget document frames 100 “Decision Items” for the Commission to act on. The decisions you make about these 100 Items include major steps toward creating the Paducah of the year 2020 that you envisioned.

A. SUMMARY OF FY 2006 BUDGET RECOMMENDATION

I have prepared two recommended budgets, and “Operating Budget” and an “Investment Budget”:

1. The **Operating Budget** is the City’s traditional General Fund budget. It is funded by the taxes and fees we have received in the past and pays for the daily services the City provides its Citizens. The recommended operating budget totals \$27 million. The recommended budget is now in balance: revenues equal expenditures. It was not in balance when we added all the Department requests. Although the Department Directors were very conservative in their requests and we excluded almost all capital items, we had to **cut \$2.1 million** from the operating budget to bring it into balance.
2. The **Investment Budget** is funded by increasing the City’s Occupational Wage Tax from 1 ½% to 2% and earmarking the revenue from the ½% increase. Expenditures in the investment budget are restricted to three purposes:
 - Economic Development
 - Neighborhood Re-Development
 - Capital and Infrastructure Investment

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 - Capital and Infrastructure Investment

CITY OF PADUCAH, KENTUCKY
PADUCAH JUNIOR COLLEGE, INCORPORATED
STATEMENT OF CURRENT FUNDS REVENUE, EXPENDITURES,
AND OTHER CHANGES
YEAR ENDED JUNE 30, 2002

	Current Year		
	Unrestricted	Restricted	Total
Revenues:			
Local appropriations	\$ 709,631	\$ -	\$ 709,631
Expired term endowments	212,407	-	212,407
Federal grants	985,000	-	985,000
Local grants and contracts	60,000	-	60,000
Sales and services of educational activities	80,017	-	80,017
Other sources	18,726	-	18,726
Total current revenues	2,065,781	-	2,065,781
Expenditures and Nonmandatory Transfers:			
Educational and general:			
Grants	204,383	-	204,383
Public service	205,952	-	205,952
Academic support	35,740	-	35,740
Institutional support	316,708	-	316,708
Operation and maintenance of plant	147,847	-	147,847
Scholarship and fellowships	140,033	-	140,033
Total educational and general	1,050,663	-	1,050,663
Nonmandatory transfers to/(from) for:			
Additions to plant and equipment	833,852	-	833,852
Quasi-endowment funds appropriated	(36,769)	-	(36,769)
Total nonmandatory transfers	797,083	-	797,083
Total expenditures and nonmandatory transfers	1,847,746	-	1,847,746
NET INCREASE (DECREASE) IN FUND BALANCES	\$ 218,035	\$ -	\$ 218,035

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, 2002

	<u>Current Funds</u>		<u>Loan Funds</u>
	<u>Unrestricted</u>	<u>Restricted</u>	
Revenues and Other Additions:			
Current fund revenues	\$2,065,781	\$ -	\$ -
Private gifts - restricted	-	-	-
Investment income - restricted	-	-	-
Realized gains (losses) on investments:			
Restricted	-	-	-
Unrealized losses on investments:			
Restricted	-	-	(408)
Expended for plant facilities	-	-	-
	<u>2,065,781</u>	<u>-</u>	<u>(408)</u>
Total revenues and other additions			
	<u>2,065,781</u>	<u>-</u>	<u>(408)</u>
Expenditures and Other Deductions:			
Educational and general expenditures	1,050,663	-	-
Expended for plant facilities	-	-	-
Depreciation of plant facilities	-	-	-
Expired term endowments	-	-	-
	<u>1,050,663</u>	<u>-</u>	<u>-</u>
Total expenditures and other deductions			
	<u>1,050,663</u>	<u>-</u>	<u>-</u>
Transfers Among Funds - Additions/ (Deductions):			
Nonmandatory transfers for:			
Additions to plant and equipment	(833,852)	-	-
Quasi-endowment funds appropriated	36,769	-	-
	<u>(797,083)</u>	<u>-</u>	<u>-</u>
Total transfers among funds - additions/(deductions)			
	<u>(797,083)</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) for the year	218,035	-	(408)
Fund balances at beginning of year	407,935	-	16,604
FUND BALANCES AT END OF YEAR	<u>\$ 625,970</u>	<u>\$ -</u>	<u>\$ 16,196</u>

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

Endowment and Similar Funds	Plant Funds	
	Unexpended	Investment in Plant
\$ -	\$ -	\$ -
288,774	-	-
168,154	26,761	-
3,052	-	-
(231,473)	-	-
-	-	2,315,861
<u>228,507</u>	<u>26,761</u>	<u>2,315,861</u>
-	-	-
-	2,315,861	-
-	-	471,845
<u>212,407</u>	<u>-</u>	<u>-</u>
<u>212,407</u>	<u>2,315,861</u>	<u>471,845</u>
-	-	833,852
<u>(36,769)</u>	<u>-</u>	<u>-</u>
<u>(36,769)</u>	<u>-</u>	<u>833,852</u>
(20,669)	(2,289,100)	2,677,868
<u>4,666,865</u>	<u>2,726,712</u>	<u>14,129,034</u>
<u>\$4,646,196</u>	<u>\$ 437,612</u>	<u>\$ 16,806,902</u>

CITY OF PADUCAH, KENTUCKY
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING BALANCE SHEET
JUNE 30, 2002

<u>ASSETS</u>	<u>Paducah Mainstreet</u>	<u>Paducah Water Works</u>	<u>Paducah Transit Authority</u>	<u>Forest Hills</u>
Cash and cash equivalents	\$23,138	\$ 495,216	\$ 332,165	\$ 693,573
Investments available for sale, at fair value	-	-	-	-
Investments, restricted	-	2,877,071	-	49,875
Receivables:				
Accounts	-	344,923	2,532	-
Interest	-	-	-	3,344
Property taxes	-	-	-	-
Other	32,982	-	220,005	9,212
Prepaid items	-	-	-	14,235
Inventory	-	374,644	13,360	10,615
Restricted assets	-	68,216	-	-
Other assets	-	924,197	-	-
Land	-	-	9,100	-
Buildings	-	-	1,271,141	-
Furniture	-	-	-	-
Machinery and equipment	-	-	1,902,059	309,100
Utility plant	-	49,302,316	-	-
Less accumulated depreciation	-	(18,517,768)	(1,173,846)	(244,135)
TOTAL ASSETS	<u>\$56,120</u>	<u>\$35,868,815</u>	<u>\$2,576,516</u>	<u>\$ 845,819</u>

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

Paducah Power System	Paducah Junior College	Totals
\$ 279,563	\$ 111,434	\$ 1,935,089
-	698,415	698,415
4,493,263	4,764,925	12,185,134
2,371,080	5,000	2,723,535
-	-	3,344
-	579,677	579,677
447,544	153,819	863,562
38,828	-	53,063
1,380,882	-	1,779,501
-	-	68,216
133,583	239,620	1,297,400
15,409	142,033	166,542
-	17,594,321	18,865,462
-	1,258,756	1,258,756
-	-	2,211,159
60,032,520	-	109,334,836
(23,839,261)	(2,170,058)	(45,945,068)
<u>\$45,353,411</u>	<u>\$23,377,942</u>	<u>\$108,078,623</u>

(Continued)

CITY OF PADUCAH, KENTUCKY
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING BALANCE SHEET
JUNE 30, 2002

**LIABILITIES, FUND EQUITY
AND OTHER CREDITS**

	<u>Paducah Mainstreet</u>	<u>Paducah Water Works</u>	<u>Paducah Transit Authority</u>	<u>Forest Hills</u>
Liabilities:				
Voucher and accounts payable	\$ 827	\$ 299,539	\$ 24,938	\$ 18,376
Accrued payroll and payroll taxes	2,880	-	25,858	14,235
Deferred revenues	-	-	-	17,172
Deferred compensation benefits payable	-	-	-	-
Accrued compensation absences	783	-	19,348	103,463
Other liabilities	-	824,857	29,047	61,165
Accrued interest payable	-	-	-	-
Revenue bonds payable	-	5,965,526	-	-
Public improvement bonds payable	-	-	-	-
Public improvement loan payable	49,000	336,615	-	-
Total liabilities	<u>53,490</u>	<u>7,426,537</u>	<u>99,191</u>	<u>214,411</u>
Fund Equity and Other Credits:				
Contributed capital	-	11,097,337	1,843,045	-
Investment in general fixed assets and plant	-	-	-	-
Retained earnings (deficit)	-	17,344,941	634,280	631,408
Fund balances:				
Reserved for scholarships and other	-	-	-	-
Unreserved:				
Undesignated	2,630	-	-	-
Total fund equity and other credits	<u>2,630</u>	<u>28,442,278</u>	<u>2,477,325</u>	<u>631,408</u>
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	<u>\$56,120</u>	<u>\$35,868,815</u>	<u>\$2,576,516</u>	<u>\$845,819</u>

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

Paducah Power System	Paducah Junior College	Totals
\$ 2,836,130	\$ 13,545	\$ 3,193,355
350,555	-	393,528
1,193,927	651,577	1,862,676
-	149,944	149,944
-	-	123,594
611,859	30,000	1,556,928
225,566	-	225,566
-	-	5,965,526
6,025,792	-	6,025,792
-	-	385,615
<u>11,243,829</u>	<u>845,066</u>	<u>19,882,524</u>
-	-	12,940,382
-	16,806,902	16,806,902
34,109,582	-	52,720,211
-	2,580,425	2,580,425
-	3,145,549	3,148,179
<u>34,109,582</u>	<u>22,532,876</u>	<u>88,196,099</u>
<u>\$45,353,411</u>	<u>\$23,377,942</u>	<u>\$108,078,623</u>

CITY OF PADUCAH, KENTUCKY
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND EQUITY - GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2002

	Paducah Mainstreet
Revenues:	
Intergovernmental	<u>\$37,934</u>
Interest	381
Miscellaneous	<u>53,744</u>
Total revenues	<u>92,059</u>
Expenditures:	
Planning and development	<u>92,783</u>
Excess of revenues over (under) expenditures	(724)
Fund balance July 1, 2001, as previously reported	-
Adjustment to beginning fund balance	<u>3,354</u>
FUND BALANCE, JUNE 30, 2002	<u><u>\$ 2,630</u></u>

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, 2002

	<u>Paducah Water Works</u>	<u>Paducah Transit Authority</u>	<u>Forest Hills</u>	<u>Paducah Power System</u>	<u>Totals</u>
Operating Revenues:					
Charges for services	\$ 5,659,661	\$2,419,637	\$1,216,095	\$37,479,079	\$46,774,472
Operating Expenses:					
Cost of sales	4,231,343	3,041,050	1,286,522	34,968,157	43,527,072
Depreciation and amortization	1,160,402	133,869	24,205	2,166,424	3,484,900
Total operating expenses	5,391,745	3,174,919	1,310,727	37,134,581	47,011,972
Operating income (loss)	267,916	(755,282)	(94,632)	344,498	(237,500)
Nonoperating Revenues (Expenses):					
Investment income	182,462	5,170	33,544	90,206	311,382
Interest expense	(350,532)	(868)	-	(301,519)	(652,919)
Amortization of deferred debit	(59,211)	-	-	-	(59,211)
Grants	-	2,007,546	-	-	2,007,546
Amortization	(25,487)	-	-	-	(25,487)
Other	(163,907)	206,314	-	-	42,407
Total nonoperating revenues (expenses)	(416,675)	2,218,162	33,544	(211,313)	1,623,718
Net income (loss)	(148,759)	1,462,880	(61,088)	133,185	1,386,218
Other Changes in Retained Earnings:					
Depreciation allocable to contributed capital	-	112,256	-	-	112,256
Transfer to contributed capital	-	(1,591,799)	-	-	(1,591,799)
Retained earnings, July 1, 2001	17,493,700	650,943	692,496	33,976,397	52,813,536
RETAINED EARNINGS, JUNE 30, 2002	<u>\$17,344,941</u>	<u>\$ 634,280</u>	<u>\$ 631,408</u>	<u>\$34,109,582</u>	<u>\$52,720,211</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, 2002

	<u>Paducah Water Works</u>	<u>Paducah Transit Authority</u>	<u>Forest Hills</u>
Cash Flows from Operating Activities:			
Operating income (loss)	\$ 267,916	\$ (755,282)	\$ (94,632)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	1,160,402	133,869	24,205
Provision for losses on accounts receivable	-	-	-
Debt discount and issue cost	-	-	-
(Increase) decrease in:			
Receivables	(22,732)	(13,861)	5,843
Inventories	45,825	(5,831)	(66)
Other assets	(159,359)	28,692	(5,127)
Increase (decrease) in:			
Accounts payable and accrued expenses	115,511	37,252	38,536
Net cash provided (used) by operating activities	<u>1,407,563</u>	<u>(575,161)</u>	<u>(31,241)</u>
Cash Flows from Noncapital Financing Activities:			
Operating grants received	<u>-</u>	<u>596,849</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(1,597,740)	(1,599,044)	(15,594)
Interest paid on bonds and public improvement debt	-	-	-
Interest paid on long-term debt	(353,332)	(868)	-
Contributed capital	156,632	-	-
Proceeds from sale of capital assets	10,100	-	-
Proceeds from issuance of long-term debt	-	-	-
Principal paid on bond maturities and public improvement debt	(936,782)	-	-
Principal paid on long-term debt	-	(87,684)	-
Capital grant funding	<u>-</u>	<u>1,591,799</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(2,721,122)</u>	<u>(95,797)</u>	<u>(15,594)</u>
Cash Flows from Investing Activities:			
Purchase of investment securities	(2,133,941)	-	-
Proceeds from sales and maturities of investment securities	2,409,689	-	-
Investment income	182,462	5,170	33,544
Net cash provided (used) by investing activities	<u>458,210</u>	<u>5,170</u>	<u>33,544</u>
Net increase (decrease) in cash and cash equivalents	(855,349)	(68,939)	(13,291)
Cash and cash equivalents, July 1, 2001	<u>1,350,565</u>	<u>401,104</u>	<u>706,864</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2002	<u><u>\$ 495,216</u></u>	<u><u>\$ 332,165</u></u>	<u><u>\$693,573</u></u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:			
Total cash and cash equivalents per the balance sheet	\$ 495,216	\$ 332,165	\$693,573
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>\$ 495,216</u></u>	<u><u>\$ 332,165</u></u>	<u><u>\$693,573</u></u>

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

Paducah Power System	Totals (Memorandum Only)
<u>\$ 344,498</u>	<u>\$ (237,500)</u>
2,166,424	3,484,900
195,974	195,974
(118,625)	(118,625)
(177,050)	(207,800)
(635,385)	(595,457)
89,833	(45,961)
<u>4,818</u>	<u>196,117</u>
<u>1,870,487</u>	<u>2,671,648</u>
<u>-</u>	<u>596,849</u>
(2,560,726)	(5,773,104)
(301,519)	(301,519)
-	(354,200)
-	156,632
-	10,100
3,539,914	3,539,914
(285,503)	(1,222,285)
-	(87,684)
<u>-</u>	<u>1,591,799</u>
<u>392,166</u>	<u>(2,440,347)</u>
(837)	(2,134,778)
-	2,409,689
<u>90,206</u>	<u>311,382</u>
<u>89,369</u>	<u>586,293</u>
2,352,022	1,414,443
<u>1,520,804</u>	<u>3,979,337</u>
<u>\$3,872,826</u>	<u>\$5,393,780</u>
\$ 279,563	\$1,800,517
<u>3,593,263</u>	<u>3,593,263</u>
<u>\$3,872,826</u>	<u>\$5,393,780</u>

CITY OF PADUCAH, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2002

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

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.

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.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

Note 1 - Summary of Significant Account Policies:

Discretely Presented Component Units

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 as 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.

Paducah Mainstreet, Inc. - The governing board consists of sixteen members appointed by the Mayor. Paducah Mainstreet is an organization that provides for the preservation and revitalization of the historic buildings in downtown Paducah, Kentucky.

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
300 South Fifth Street
Paducah, Kentucky 42001

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

Paducah Mainstreet, Inc.
124 Broadway
Paducah, KY 42001

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.

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.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

Note 1 - Summary of Significant Accounting Policies:

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, 2002

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 Fund (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.

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.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

Note 1 - Summary of Significant Account Policies:

Basis of Presentation, Fund Accounting

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.

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.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

Note 1 - Summary of Significant Accounting Policies:

Basis of Accounting

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 those.
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:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Fund Balance June 30, 2002</u>
Budgeted funds	\$2,254,082	\$3,614,404	\$807,464	\$1,026,944
Unbudgeted fund:				
Section Eight Housing	<u>1,576,825</u>	<u>1,544,522</u>	-	<u>255,124</u>
TOTALS	<u>\$3,830,907</u>	<u>\$5,158,926</u>	<u>\$807,464</u>	<u>\$1,282,068</u>

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

Note 1 - Summary of Significant Accounting Policies:

Budgets and Budgetary Accounting

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	\$25,326,205	\$ (859,875)	\$24,466,330
Special Revenue Funds:			
Municipal Aid Program	1,400,400	309,620	1,710,020
Emergency Communication Service Fund	1,099,450	(66,410)	1,033,040
Court Awards Fund	30,000	5,565	35,565
Small Grant Fund	40,000	18,010	58,010
CDBG Grant Fund	1,920,900	(1,856,770)	64,130
HOPE 3 Implementation Grant Fund	110,000	(110,000)	-
Home Grant Fund	1,388,870	(964,550)	424,320
HUD Revolving Fund	110,000	21,780	131,780
Paducah Housing Authority Police Grant Fund	150,000	2,560	152,560
Debt Service Fund	847,075	(71,340)	775,735
Capital Projects Funds:			
General Capital Improvements	4,448,000	(2,775,360)	1,672,640
Downtown Capital Improvements	-	5,852,675	5,852,675
Enterprise Funds:			
Solid Waste Fund	3,671,185	(376,765)	3,294,420
Civic Center Fund	43,500	(2,330)	41,170
TISA Fund	178,230	(67,595)	110,635
Internal Service Funds:			
Fleet Maintenance	397,000	33,505	430,505
Fleet Lease Trust	784,990	(554,470)	230,520
Insurance Fund	892,600	(90,090)	802,510
Health Insurance Fund	<u>2,798,625</u>	<u>66,940</u>	<u>2,865,565</u>
TOTALS	<u>\$45,637,030</u>	<u>\$(1,484,900)</u>	<u>\$44,152,130</u>

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, 2002.

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.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

Note 1 - Summary of Significant Accounting Policies:

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 recorded as a receivable when assessed because the City has an enforceable legal claim to the resources. At this time, the receivable is offset by deferred revenue. Property tax revenues are recognized during the period for which they are levied.

The due dates and collection period for all property taxes, exclusive of vehicle taxes, for the fiscal year ended June 30, 2002, are as follows:

<u>Description</u>	<u>Date</u>
Assessment and enforceable lien	January 1, 2001
Levy	October 3, 2001
Face value amount payment dates	1 st half by November 30, 2001 2 nd half by February 28, 2002
Delinquent date - 10% penalty plus 1/2% per month	1 st half - December 1, 2001 2 nd half - March 1, 2002

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.

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.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

Note 1 - Summary of Significant Accounting Policies:

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 Proprietary 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.

Use of Estimates

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

Note 2 - Deposits and Investments:

Deposits - Primary Government

At year end, the carrying amount of the City's demand deposits was \$7,907,650 and the bank balance was \$8,594,859. The bank balance of bank certificates of deposit and repurchase agreements (classified as investments on the balance sheets) was \$7,577,573. 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	11,618,168
Amount secured by Federal Home Loan Bank letters of credit	3,554,264
Amount collateralized with securities held by the pledging financial institution	<u>500,000</u>
TOTAL BANK BALANCE	<u>\$ 16,172,432</u>

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

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.

Investments of the primary government are classified as follows:

	Category			Fair Value
	1	2	3	
U.S. government securities	\$3,453,251	\$-	\$-	\$3,453,251
Mortgage backed securities	99,945	-	-	99,945
Corporate bonds and notes	1,439,578	-	-	1,439,578
	\$4,992,774	\$-	\$-	4,992,774
Investment in mutual funds				4,848,682
Total investments (excluding \$7,577,573 of bank CD's)				\$9,841,456

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

Note 2 - Deposits and Investments:

Investments

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

	<u>Category</u>			<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S. government securities	\$ 599,820	\$-	\$-	\$ 599,820
Corporate bonds and notes	585,540	-	-	585,540
Corporate equity stocks	<u>975,093</u>	-	-	<u>975,093</u>
	<u>\$2,160,453</u>	<u>\$-</u>	<u>\$-</u>	2,160,453
Investment in mutual funds and money markets				<u>6,946,025</u>
Total investments (excluding \$3,777,071 of bank CD's and savings accounts), including \$8,408,063 classified as restricted on combined balance sheet				<u>\$9,106,478</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.

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	\$258,908	\$ -
Special Revenue Funds:		
Municipal Aid Program	-	19,958
Small Grants Fund	-	10,724
PHA Police Grant Fund	-	10,352
Section 8 Housing Fund	-	29,444
Capital Project Fund	-	4,000
Internal Service Funds:		
Health Insurance Fund	-	83,712
Fiduciary Funds:		
Property taxes	<u>-</u>	<u>100,718</u>
TOTALS	<u>\$258,908</u>	<u>\$258,908</u>

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

Note 4 – Changes in General Fixed Assets:

A summary of changes in General Fixed Assets follows:

	<u>Balance July 1, 2001</u>	<u>Additions and Transfers In</u>	<u>Retirements and Transfers Out</u>	<u>Balance June 30, 2002</u>
Primary government:				
Land	\$ 5,054,656	\$ -	\$ -	\$ 5,054,656
Buildings and improvements	13,026,970	-	-	13,026,970
Equipment	5,279,401	98,309	6,400	5,371,310
Furnishings and fixtures	250,828	-	1,500	249,328
Vehicles	<u>4,382,397</u>	<u>39,079</u>	<u>200,938</u>	<u>4,220,538</u>
Total primary government	<u>27,994,252</u>	<u>137,388</u>	<u>208,838</u>	<u>27,922,802</u>
Component units:				
Equipment	-	<u>16,385</u>	-	<u>16,385</u>
Total component unit	-	<u>16,385</u>	-	<u>16,385</u>
TOTALS	<u>\$27,994,252</u>	<u>\$153,773</u>	<u>\$208,838</u>	<u>\$27,939,187</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>Civic Center Fund</u>	<u>TISA 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	18,865,462	19,210,344
Machinery and equipment	3,426,483	17,491	349,441	212,330	2,110,845	6,116,590	3,469,915	9,586,505
Utility plant	-	-	-	-	-	-	<u>109,334,836</u>	<u>109,334,836</u>
	3,533,049	301,715	349,441	232,330	2,110,845	6,527,380	131,836,755	138,364,135
Less accumulated depreciation	<u>(2,421,274)</u>	<u>(131,202)</u>	<u>(120,752)</u>	<u>(177,571)</u>	<u>(741,563)</u>	<u>(3,592,362)</u>	<u>(45,945,068)</u>	<u>(49,537,430)</u>
NET PROPERTY, PLANT, AND EQUIPMENT	<u>\$ 1,111,775</u>	<u>\$ 170,513</u>	<u>\$ 228,689</u>	<u>\$ 54,759</u>	<u>\$ 1,369,282</u>	<u>\$ 2,935,018</u>	<u>\$ 85,891,687</u>	<u>\$ 88,826,705</u>

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

Note 5 – Long-Term Liabilities:

The following is a summary of changes in Primary Government long-term debt for the year ended June 30, 2002:

	<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	\$ -	\$ 215,000	\$ 9,075,000
Capital lease	381,330	-	147,276	234,054
General Fund accrued compensated absences	1,290,795	21,583	-	1,312,378
Enterprise Funds:				
Accrued compensated absences:				
Solid Waste Fund	11,398	6,298	-	17,696
Internal Service Funds:				
Accrued compensated absences:				
Fleet Maintenance Fund	<u>32,530</u>	<u>-</u>	<u>1,672</u>	<u>30,858</u>
TOTAL LONG-TERM DEBT	<u>\$11,006,053</u>	<u>\$ 27,881</u>	<u>\$ 363,948</u>	<u>\$10,669,986</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. In accordance with an Interlocal Cooperation Compact between the City, McCracken County, Kentucky (the County), and the Paducah-McCracken County Tourist and Convention Commission (the Bureau), principal and interest payments on the bonds are being made from an additional 2% transient room tax collected by the County with the remaining payments split evenly between the City, the County, and the Bureau.

The annual debt service requirements to maturity, including principal and interest, for general long-term debt as of June 30, 2002, are as follows:

<u>Year Ending June 30</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2003	\$ 225,000	\$ 420,025
2004	230,000	412,150
2005	240,000	404,100
2006	250,000	394,500
2007	260,000	384,500
Later years	<u>7,870,000</u>	<u>4,362,855</u>
TOTALS	<u>\$9,075,000</u>	<u>\$6,378,130</u>

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

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 the equipment was acquired prior to June 30, 1996, at a total cost of \$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, 2002.

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, 2002:

<u>Year Ending June 30</u>	<u>General Long-Term Debt Account Group</u>
2003	\$162,432
2004	<u>81,216</u>
Minimum lease payments for capital lease	243,648
Less: amount representing interest at the City's incremental borrowing rate of interest	<u>9,594</u>
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	<u>\$234,054</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, 2002, 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	\$ 693,417	\$15,224	\$23,114
Accrued vacation leave	788,588	40,230	24,130
Applicable payroll taxes	<u>113,373</u>	<u>4,242</u>	<u>3,614</u>
Total	1,595,378	59,696	50,858
Less current portion	<u>283,000</u>	<u>42,000</u>	<u>20,000</u>
LONG-TERM PORTION	<u>\$1,312,378</u>	<u>\$17,696</u>	<u>\$30,858</u>

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

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 Firefighters' 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 Police 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, 2002, the date of the latest actuarial valuation:

	<u>PFPF</u>	<u>AEPF</u>
Plan membership:		
Active participants	8	-
Beneficiaries	45	9
Retired participants	<u>58</u>	<u>6</u>
Total participants	<u>111</u>	<u>15</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, 2002

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, 2002. 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, 2002, 2001 and 2000, the City contributed 6.41%, 7.17%, and 7.28%, respectively, of each nonhazardous employee's creditable compensation and 16.28%, 16.78%, and 17.55%, 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, 2002, 2001 and 2000, were \$2,092,620, \$2,101,513, and \$2,164,676, 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, 2002:

	<u>Deficit Amount</u>
Health Insurance Fund	\$190,055

No departments which adopted budgets annually had excess expenditures over appropriations for the fiscal year ended June 30, 2002.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

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, 2002, 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	\$3,245,399	\$ -	\$ 19,392	\$ 70,800	\$3,335,591
Depreciation and amortization expense	330,345	-	9,105	48,711	388,161
Operating income (loss)	43,114	-	(19,857)	(39,811)	(16,554)
Operating transfers	-	-	10,000	-	10,000
Net income (loss)	129,757	-	(9,343)	(39,811)	80,603
Depreciation funded by contributed capital	-	-	5,400	48,027	53,427
Property, plant and equipment additions	365,514	-	-	20,512	386,026
Net working capital	1,531,334	-	23,810	10,447	1,565,591
Total assets	2,893,424	188,813	195,483	242,520	3,520,240
Total equity	2,625,413	-	194,323	239,136	3,058,872

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, 2001	\$167,400	\$256,888	\$381,523
Adjustment to beginning balance	-	-	(60,514)
Deduct:			
Depreciation allocable to contributed capital	<u>(5,400)</u>	<u>(48,027)</u>	<u>(60,514)</u>
CONTRIBUTED CAPITAL, JUNE 30, 2002	<u>\$162,000</u>	<u>\$208,861</u>	<u>\$260,495</u>

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

Note 10 - Individual Fund Operating Transfers:

Individual fund operating transfers were as follows for the year ended June 30, 2002:

<u>Fund</u>	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$ 3,789	\$3,033,267
Special Revenue Funds:		
Municipal Aid Fund	500,000	-
Emergency Communication Service Fund	263,977	-
Small Grant Fund	29,276	-
Court Awards Fund	-	3,789
HUD Revolving Fund	43,000	25,000
Debt Service Fund	255,375	-
Capital Projects Funds:		
CIP Fund	693,045	-
Enterprise Funds:		
Civic Center Fund	10,000	-
Internal Service Funds:		
Fleet Maintenance	123,887	-
Fleet Lease Trust	467,431	-
Fiduciary Funds:		
Appointive Employee Pension Fund	75,000	-
Police and Firemen's Pension Fund	597,276	-
TOTALS	<u>\$3,062,056</u>	<u>\$3,062,056</u>

Note 11 - Component Unit Long-Term Debt:

Long-term debt of the discretely presented component units consists of the following at June 30, 2002:

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, 2002, the total bonds that are considered extinguished under an in-substance defeasance (refund) is \$13,745,000. 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.

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>
2003	\$ 800,000	\$ 281,321	\$1,081,321
2004	835,000	246,321	1,081,321
2005	870,000	209,790	1,079,790
2006	905,000	171,510	1,076,510
2007	950,000	131,690	1,081,690
Later years	2,020,000	135,725	2,155,725
Less deferred debit arising from advanced refunding	<u>(414,474)</u>	<u>-</u>	<u>(414,474)</u>
TOTALS	<u>\$5,965,526</u>	<u>\$1,176,357</u>	<u>\$7,141,883</u>

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

Note 11 – Component Unit Long-Term Debt:

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, 2002, are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Fee (0.2%)</u>	<u>Total</u>
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
2007	28,743	13,519	474	42,736
Later years	<u>208,276</u>	<u>43,823</u>	<u>1,526</u>	<u>253,625</u>
TOTALS	<u>\$336,615</u>	<u>\$125,112</u>	<u>\$4,408</u>	<u>\$466,135</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.

On November 9, 2001, the System issued \$3.32 million in special revenue refunding bonds with interest rates between 3.00% and 4.25% and is secured by a first pledge of the net revenues of the System. The System issued the bonds to finance construction of a fiber optic network in the community.

The following schedule summarizes the remaining debt service requirements:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2003	\$ 295,000	\$280,103	\$ 575,103
2004	330,000	245,908	575,908
2005	345,000	233,057	578,057
2006	355,000	219,608	574,608
2007	370,000	205,757	575,757
2008-2012	2,085,000	792,080	2,877,080
2013-2017	<u>2,550,000</u>	<u>330,980</u>	<u>2,880,980</u>
TOTALS	<u>\$6,330,000</u>	<u>\$2,307,493</u>	<u>\$8,637,493</u>

Bonds payable totaling \$6,025,792 are recorded net of \$304,208 unamortized bond discount and advance refunding deferred charges.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

Note 12 - Commitments and Contingencies:

Construction Commitment

The City has an on-going contract for paving materials, equipment, and labor. As of June 30, 2002, the balance of the contract commitment was \$1,042,298.

Escrow Account Securing Note Payable

The City has established a \$300,000 escrow account which is included in General Fund investments to secure a note payable for the Greater Paducah Economic Development Council (GPEDC) for the construction of a speculation building that is to be built in the McCracken County Information Age Park.

Grant 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>
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	-
2001 - 2002	-	2,879	2,879	-

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, 2002.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

Note 13 - Risk Management and Litigation:

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
2001 - 2002	285,000	2,601,988	2,601,988	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 that have various expiration dates through June 30, 2079. Rental revenue received from leased property during 2002 totaled \$227,179. The following is a schedule of future minimum rental income from operating leases at June 30, 2002:

	<u>Lease Income</u>
2003	\$ 206,942
2004	211,952
2005	216,963
2006	141,973
2007	61,973
Future years	<u>336,615</u>
TOTAL MINIMUM LEASE RECEIPTS	<u>\$1,176,418</u>

The City is also leasing land to the Four Rivers Center for the Performing Arts, Inc. for a primary term of 99 years. No rental revenue is being collected from this lease. The rental for the primary term of the lease is the construction of the performing arts center.

Note 15 - Reclassification of Beginning Fund Balance:

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

	<u>General Capital Improvements</u>	<u>Fleet Lease Trust</u>	<u>Section 8 Housing</u>
June 30, 2001, balance as previously reported	\$1,082,286	\$1,262,186	\$ 271,838
Section 8 Housing adjustment	-	-	(49,017)
Depreciation allocable to contributed capital	-	60,514	-
Adjustment to deferred revenue	<u>(150,100)</u>	<u>-</u>	<u>-</u>
JULY 1, 2001, BALANCE AS RESTATED	<u>\$ 932,186</u>	<u>\$1,322,700</u>	<u>\$ 222,821</u>

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

Note 15 – Reclassification of Beginning Fund Balance:

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

	<u>Paducah Mainstreet Inc.</u>
June 30, 2001, balance as previously reported	\$ -
Balance not included	<u>3,354</u>
JULY 1, 2002, BALANCE AS RESTATED	<u>\$3,354</u>

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 SUPPLEMENTARY 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)						
7/1/2000	\$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
7/1/2002	10,382,216	15,550,968	5,168,752	66.8	356,304	1450.66

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>
2000	\$649,274	100%	\$66,716	112%	\$(182,405)
2001	865,026	100	62,029	121	(182,940)
2002	806,632	100	59,297	126	(186,170)

Components of Annual Pension Cost (AEPF)

<u>Component</u>	<u>Year Ended June 30, 2002</u>	<u>Year Ended June 30, 2001</u>	<u>Year Ended June 30, 2000</u>
Beginning NPO balance	<u>\$(182,940)</u>	<u>\$(182,405)</u>	<u>\$(186,860)</u>
ARC	59,297	62,029	66,716
Interest on NPO	(10,976)	(10,944)	(11,212)
Unfunded ARC adjustment	<u>23,449</u>	<u>23,380</u>	<u>23,951</u>
Pension cost	71,770	74,465	79,455
Less actual contribution	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>
Net change in NPO	<u>(3,230)</u>	<u>(535)</u>	<u>4,455</u>
ENDING NPO BALANCE	<u>\$(186,170)</u>	<u>\$(182,940)</u>	<u>\$(182,405)</u>

(Continued)

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

Notes to Supplementary Schedules:

	<u>PPPF</u>	<u>AEPF</u>
Valuation date	7/1/02	7/1/02
Actuarial cost method	Entry age normal	Aggregate (1)
Amortization method	Level dollar closed	Level dollar closed
Remaining amortization period	30 Years	10 Years
Asset valuation method	Market value	Market value
Actuarial assumptions:		
Investment rate of return	7.75%	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, 2002

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, 2002**

ASSETS

Cash	\$2,279,168
Investments	2,996,685
Receivables:	
Accounts	64,531
Grants	97,255
Interest	39,001
Property taxes	3,746,498
Due from other funds	<u>258,908</u>
TOTAL ASSETS	<u><u>\$9,482,046</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Voucher and accounts payable	\$ 501,531
Accrued payroll	509,080
Deferred revenues	3,746,773
Accrued compensated absences	<u>283,000</u>
 Total liabilities	 5,040,384
Fund Balance:	
Fund balance:	
Unreserved:	
Undesignated	<u>4,441,662</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$9,482,046</u></u>

CITY OF PADUCAH, KENTUCKY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2002

Revenues:

Taxes	\$ 5,006,538
Licenses and permits	17,299,400
Charges for services	657,826
Grants	665,614
Interest	220,188
Other	586,545
	<hr/>
Total revenues	24,436,111

Expenditures:

General government	3,446,408
Public safety	11,076,152
Public service	5,453,818
Recreation	897,060
Other	320,910
	<hr/>
Total expenditures	21,194,348

Excess of revenues over expenditures	<hr/> 3,241,763
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Other Financing Sources (Uses):

Operating transfers in	3,789
Operating transfers out	(3,033,267)
	<hr/>
Total other financing sources (uses)	(3,029,478)

Excess of revenues and other financing sources over (under) expenditures and other uses	212,285
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Fund balance, July 1, 2001	<hr/> 4,229,377
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FUND BALANCE, JUNE 30, 2002	<hr/> <hr/> \$ 4,441,662
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CITY OF PADUCAH, KENTUCKY
GENERAL FUND
DETAIL STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2002
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2001

Revenues:	2002 Budget	2002 Actual	Variance- Favorable (Unfavorable)	2001 Actual
Taxes:				
Real and personal, current year	\$ 4,005,105	\$ 4,088,805 -	\$ 83,700	\$ 3,973,898
Real and personal, prior year	282,950	291,515 -	8,565	157,508
Franchise	253,100	259,451 -	6,351	257,095
Bank taxes	184,630	184,629 -	(1)	175,607
In lieu of tax payment	134,055	134,054 -	(1)	136,864
Penalty, interest and advertising	48,080	48,084 -	4	35,596
Total taxes	4,907,920	5,006,538	98,618	4,736,568
Licenses:				
Business licenses	3,248,715	3,248,714 -	(1)	3,201,444
Employee earnings	9,964,960	9,873,202 -	(91,758)	9,603,106
Comcast fees	264,900	264,905 -	5	258,957
Penalties	73,395	73,396 -	1	84,692
Alcoholic beverages	126,290	126,294 -	4	28,178
Insurance premium tax	3,620,590	3,620,594 -	4	3,416,875
Building permits	69,150	69,151 -	1	81,522
Electrical permits	18,230	18,230 -	-	19,827
Zoning change fees	2,995	2,992 -	(3)	5,267
Miscellaneous building and electrical fees	1,925	1,922 -	(3)	5,162
Total licenses	17,391,150	17,299,400	(91,750)	16,705,030
Charges for services:				
Tax collection fee	118,520	120,637 -	2,117	113,759
Administrative charge	249,000	249,004 -	4	160,084
Base court revenue	168,750	168,752 -	2	168,752
Recreation fees	119,425	119,433 -	8	135,887
Total charges for services	655,695	657,826	2,131	578,482

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, 2002
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2001

	<u>2002 Budget</u>	<u>2002 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>2001 Actual</u>
Grants:				
Police State Incentive	\$ 238,845 -	\$ 261,913 -	\$ 23,068	\$ 245,509
Fire State Incentive	222,290 -	265,551 -	43,261	268,622
Paducah Housing Authority after school program	13,010	29,853 -	16,843	25,585
Police supplemental grants	104,290	108,297 -	4,007	174,778
FEMA funding	-	-	-	8,132
NFL youth football	-	-	-	1,000
Total grants	<u>578,435</u>	<u>665,614</u>	<u>87,179</u>	<u>723,626</u>
Interest	<u>220,190</u>	<u>220,188 -</u>	<u>(2)</u>	<u>358,987</u>
Other:				
Property rent and sales	426,625	426,631 -	6	335,180
Property upkeep and maintenance	86,685	86,686 -	1	123,695
Miscellaneous	<u>83,235</u>	<u>73,228</u>	<u>(10,007)</u>	<u>48,606</u>
Total other	<u>596,545</u>	<u>586,545</u>	<u>(10,000)</u>	<u>507,481</u>
Total revenues	<u>24,349,935</u>	<u>24,436,111</u>	<u>86,176</u>	<u>23,610,174</u>

CITY OF PADUCAH, KENTUCKY
GENERAL FUND
DETAIL STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2002
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2001

Expenditures:	2002 Budget	2002 Actual	Variance- Favorable (Unfavorable)	2001 Actual
General Government:				
General Administration:				
Mayor and commissioners	\$ 170,830	\$ 170,493	\$ 337	\$ 185,127
City Manager	238,165	237,977	188	261,259
City clerk	130,440	130,372	68	136,081
Corporate counsel	225,320	225,282	38	227,593
Non-departmental	244,250	244,250	-	247,998
Memberships and contingency	27,275	27,269	6	25,285
Alcoholic beverage control	-	-	-	3,631
Civic beautification	2,875	2,769	106	28,061
Total general administration	1,039,155	1,038,412	743	1,115,035
Finance:				
Finance administration	138,785	138,705	80	133,757
Accounting and payroll	275,195	275,229	(34)	272,364
Revenue collection	255,115	254,815	300	259,238
Total finance	669,095	668,749	346	665,359
Planning:				
Administration	198,090	198,081	9	179,727
Planning	172,415	172,359	56	140,736
Grants	95,245	95,121	124	95,690
Economic development	149,480	149,479	1	108,112
Total planning	615,230	615,040	190	524,265
Human rights	94,105	93,967	138	88,343
Personnel	202,520	202,455	65	207,988
Inspection:				
Inspection administration	200,815	200,657	158	206,328
Construction	213,215	213,067	148	215,902
Code enforcement	198,115	197,990	125	229,124
Total inspection	612,145	611,714	431	651,354
Information systems	216,030	216,071	(41)	133,986

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, 2002
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2001

	<u>2002 Budget</u>	<u>2002 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>2001 Actual</u>
Public Safety:				
Police:				
Police administration	\$ 1,062,345	\$ 1,062,100	\$ 245	\$ 805,233
Patrol	3,967,385	3,967,210	175	3,649,664
Investigations	1,095,830	1,095,436	394	974,708
Crime prevention/media relations	-	-	-	282,961
Total police	<u>6,125,560</u>	<u>6,124,746</u>	<u>814</u>	<u>5,712,566</u>
Fire:				
Fire administration	205,630	205,605	25	194,119
Suppression	4,479,530	4,479,488	42	4,355,093
Prevention	155,945	155,804	141	155,298
Training	110,600	110,509	91	112,936
Total fire	<u>4,951,705</u>	<u>4,951,406</u>	<u>299</u>	<u>4,817,446</u>
Public Service:				
Public works:				
Public Works Administration	173,425	173,380	45	53,991
Street maintenance	2,015,705	2,015,296	409	1,874,491
Street lighting	407,735	407,730	5	398,631
Facility maintenance	525,090	524,644	446	490,046
Custodial service	202,795	202,602	193	191,916
Landscape maintenance	1,243,160	1,242,754	406	1,041,707
Summer youth program	92,095	92,061	34	90,035
Total public works	<u>4,660,005</u>	<u>4,658,467</u>	<u>1,538</u>	<u>4,140,817</u>
Engineering services:				
Engineering services	407,460	407,170	290	390,891
Flood control	388,640	388,181	459	340,879
Total engineering services	<u>796,100</u>	<u>795,351</u>	<u>749</u>	<u>731,770</u>

See auditor's report on page 13.

(Continued)

CITY OF PADUCAH, KENTUCKY
GENERAL FUND
DETAIL STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2002
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2001

	2002 Budget	2002 Actual	Variance- Favorable (Unfavorable)	2001 Actual
Recreation:				
Recreation administration	\$ 475,190	\$ 474,941	\$ 249	\$ 362,239
Pools and recreation	423,325	422,119	1,206	376,162
Total parks	898,515	897,060	1,455	738,401
Other:				
Cable authority	52,200	52,085	115	99,657
Grant match expense	222,385	222,382	3	-
Leave expense	46,445	46,443	2	-
Total other	321,030	320,910	120	99,657
Total expenditures	21,201,195	21,194,348	6,847	19,626,987
Excess of revenues over expenditures	3,148,740	3,241,763	93,023	3,983,187
Other Financing Sources (Uses):				
Operating transfers in	3,785	3,789	4	591,720
Operating transfers out	(3,265,135)	(3,033,267)	231,868	(4,276,337)
Total other financing sources (uses)	(3,261,350)	(3,029,478)	231,872	(3,684,617)
Excess of revenues and other financing sources over (under) expenditures and other uses	\$ (112,610)	212,285	\$324,895	298,570
Fund balance, beginning of year, as previously reported		4,229,377		3,930,807
FUND BALANCE, END OF YEAR		\$ 4,441,662		\$ 4,229,377

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY

FINANCIAL STATEMENTS

SPECIAL REVENUE FUNDS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2002

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, 2002

<u>ASSETS</u>	<u>Municipal Aid Program</u>	<u>Emergency Communication Service Fund</u>	<u>Court Awards Fund</u>	<u>Federal, State, and Local Grants</u>	<u>Combined Total</u>
Cash	\$ -	\$295,067	\$124,174	\$814,547	\$1,233,788
Investments	508,903	-	-		508,903
Receivables:					
Accounts	-	78,710	-	-	78,710
Grants	-	-	-	53,079	53,079
Interest	1,421	-	-	-	1,421
TOTAL ASSETS	<u><u>\$510,324</u></u>	<u><u>\$373,777</u></u>	<u><u>\$124,174</u></u>	<u><u>\$867,626</u></u>	<u><u>\$1,875,901</u></u>
 <u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Voucher and accounts payable	\$162,422	\$ 13,800	\$ 74,497	\$ 45,076	\$ 295,795
Accrued payroll and payroll taxes	-	22,841	-	10,810	33,651
Due to other funds	19,958	-	-	50,520	70,478
Deferred revenues	-	(215)	-	194,124	193,909
Total liabilities	<u>182,380</u>	<u>36,426</u>	<u>74,497</u>	<u>300,530</u>	<u>593,833</u>
Fund Equity:					
Fund balance:					
Reserved for program purposes	-	-	-	567,096	567,096
Unreserved:					
Designated for street improvement	327,944	-	-	-	327,944
Undesignated	-	337,351	49,677	-	387,028
Total fund equity	<u>327,944</u>	<u>337,351</u>	<u>49,677</u>	<u>567,096</u>	<u>1,282,068</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$510,324</u></u>	<u><u>\$373,777</u></u>	<u><u>\$124,174</u></u>	<u><u>\$867,626</u></u>	<u><u>\$1,875,901</u></u>

CITY OF PADUCAH, KENTUCKY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2002

	Municipal Aid Program	Emergency Communication Service Fund	Court Awards Fund	Federal, State, and Local Grants	Combined Total
Revenues:					
Charges for services	\$ -	\$ 794,906	\$ -	\$ -	\$ 794,906
Intergovernmental	399,977	-	-	-	399,977
Grants	-	-	-	2,332,410	2,332,410
Interest	36,712	1,521	2,735	5,122	46,090
Other	20,970	206,552	18,534	11,468	257,524
Total revenues	457,659	1,002,979	21,269	2,349,000	3,830,907
Expenditures:					
Current:					
Public safety	-	1,033,005	31,768	152,556	1,217,329
Public services	1,709,969	-	-	-	1,709,969
Planning and development	-	-	-	2,231,628	2,231,628
Total expenditures	1,709,969	1,033,005	31,768	2,384,184	5,158,926
Excess of revenues over (under) expenditures	(1,252,310)	(30,026)	(10,499)	(35,184)	(1,328,019)
Other Financing Sources (Uses):					
Operating transfers in	500,000	263,977	-	72,276	836,253
Operating transfers out	-	-	(3,789)	(25,000)	(28,789)
Total other financing sources (uses)	500,000	263,977	(3,789)	47,276	807,464
Excess of revenues and other financing sources over (under) expenditures and other uses	(752,310)	233,951	(14,288)	12,092	(520,555)
Fund balances, July 1, 2001, as previously reported	1,080,254	103,400	63,965	604,021	1,851,640
Adjustment to beginning fund balance	-	-	-	(49,017)	(49,017)
FUND BALANCES, JUNE 30, 2002	\$ 327,944	\$ 337,351	\$49,677	\$ 567,096	\$1,282,068

See auditor's report on page 13.

**CITY OF PADUCAH, KENTUCKY
FEDERAL, STATE, AND LOCAL GRANTS
COMBINING BALANCE SHEET
JUNE 30, 2002**

<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	\$96,842	\$43,000	\$179,509	\$51,789	\$148,879
Receivables:					
Grants	-	10,500	-	6,982	-
TOTAL ASSETS	<u>\$96,842</u>	<u>\$53,500</u>	<u>\$179,509</u>	<u>\$58,771</u>	<u>\$148,879</u>
 <u>LIABILITIES AND FUND EQUITY</u>					
Voucher and accounts payable	\$ -	\$ 3,500	\$ -	\$ 765	\$ 16,416
Accrued payroll and payroll taxes	-	-	-	-	-
Due to other funds	10,724	-	-	-	-
Deferred revenues	86,118	50,000	-	58,006	-
Total liabilities	<u>96,842</u>	<u>53,500</u>	<u>-</u>	<u>58,771</u>	<u>16,416</u>
Fund balance reserved for program purposes	-	-	179,509	-	132,463
TOTAL LIABILITIES AND FUND BALANCES	<u>\$96,842</u>	<u>\$53,500</u>	<u>\$179,509</u>	<u>\$58,771</u>	<u>\$148,879</u>

See auditor's report on page 13.

PHA Police Grant Fund	Section Eight Housing	Combined Total
<u>\$ -</u>	<u>\$294,528</u>	<u>\$814,547</u>
<u>10,352</u>	<u>25,245</u>	<u>53,079</u>
<u>\$10,352</u>	<u>\$319,773</u>	<u>\$867,626</u>
<u>\$ -</u>	<u>\$ 24,395</u>	<u>\$ 45,076</u>
<u>-</u>	<u>10,810</u>	<u>10,810</u>
<u>10,352</u>	<u>29,444</u>	<u>50,520</u>
<u>-</u>	<u>-</u>	<u>194,124</u>
<u>10,352</u>	<u>64,649</u>	<u>300,530</u>
<u>-</u>	<u>255,124</u>	<u>567,096</u>
<u>\$10,352</u>	<u>\$319,773</u>	<u>\$867,626</u>

CITY OF PADUCAH, KENTUCKY
FEDERAL, STATE, AND LOCAL GRANTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2002

	Small Grant Fund	CDBG Grant	HOPE 3 Grant Fund	Home Grant Fund	HUD Revolving Grant Fund
Revenues:					
Grants	\$28,734	\$98,994	\$ -	\$426,861	\$ 50,000
Interest	-	-	-	-	3,562
Other	-	-	3,164	-	8,304
Total revenues	28,734	98,994	3,164	426,861	61,866
Expenditures:					
Public safety	-	-	-	-	-
Planning and development	58,010	98,994	-	426,861	103,241
Total expenditures	58,010	98,994	-	426,861	103,241
Excess of revenues over (under) expenditures	(29,276)	-	3,164	-	(41,375)
Other Financing Sources (Uses):					
Operating transfers in	29,276	-	-	-	43,000
Operating transfers out	-	-	-	-	(25,000)
Total other financing sources (uses)	29,276	-	-	-	18,000
Excess of revenues and other financing sources over (under) expenditures and other uses	-	-	3,164	-	(23,375)
Fund balances, July 1, 2001, as previously reported	-	-	176,345	-	155,838
Adjustment to beginning fund balance	-	-	-	-	-
FUND BALANCES, JUNE 30, 2002	\$ -	\$ -	\$179,509	\$ -	\$132,463

See auditor's report on page 13.

PHA Police Grant Fund	Section Eight Housing	Combined Total
<u>\$152,556</u>	<u>\$1,575,265</u>	<u>\$2,332,410</u>
-	1,560	5,122
-	-	11,468
<u>152,556</u>	<u>1,576,825</u>	<u>2,349,000</u>
152,556	-	152,556
-	1,544,522	2,231,628
<u>152,556</u>	<u>1,544,522</u>	<u>2,384,184</u>
-	32,303	(35,184)
-	-	72,276
-	-	(25,000)
-	-	47,276
-	32,303	12,092
-	271,838	604,021
-	(49,017)	(49,017)
<u>\$ -</u>	<u>\$ 255,124</u>	<u>\$ 567,096</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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
Charges for services	\$ 797,950	\$ 794,906	\$ (3,044)
Intergovernmental	399,975	399,977	2
Grants	849,960	757,145	(92,815)
Interest	44,525	44,530	5
Other	257,460	257,524	64
	<u>2,349,870</u>	<u>2,254,082</u>	<u>(95,788)</u>
Expenditures:			
Public safety	1,217,375	1,217,329	46
Public services	1,710,020	1,709,969	51
Planning and development	646,170	687,106	(40,936)
	<u>3,573,565</u>	<u>3,614,404</u>	<u>(40,839)</u>
Excess of revenues over (under) expenditures	<u>(1,223,695)</u>	<u>(1,360,322)</u>	<u>(136,627)</u>
Other Financing Sources (Uses):			
Operating transfers in	931,775	836,253	(95,522)
Operating transfers out	(35,860)	(28,789)	7,071
	<u>895,915</u>	<u>807,464</u>	<u>(88,451)</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$ (327,780)</u>	<u>(552,858)</u>	<u>\$ (225,078)</u>
Fund balance, July 1, 2001		<u>1,579,802</u>	
FUND BALANCE, JUNE 30, 2002		<u>\$1,026,944</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, 2002

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 399,975	\$ 399,977	\$ 2
Interest	36,710	36,712	2
Other	20,970	20,970	-
	<u>457,655</u>	<u>457,659</u>	<u>4</u>
Expenditures:			
Public services	<u>1,710,020</u>	<u>1,709,969</u>	<u>51</u>
Excess of revenues over (under) expenditures	(1,252,365)	(1,252,310)	55
Other Financing Sources (Uses):			
Operating transfers in	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$ (752,365)</u>	(752,310)	<u>\$ 55</u>
Fund balance, July 1, 2001		<u>1,080,254</u>	
FUND BALANCE, JUNE 30, 2002		<u>\$ 327,944</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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
Local contributions	\$ 206,500	\$ 206,552	\$ 52
Telephone surcharges	797,950	794,906	(3,044)
Interest	1,520	1,521	1
	<u>1,005,970</u>	<u>1,002,979</u>	<u>(2,991)</u>
Expenditures:			
Public safety	<u>1,033,040</u>	<u>1,033,005</u>	<u>35</u>
Excess of revenues over (under) expenditures	(27,070)	(30,026)	(2,956)
Other Financing Sources (Uses):			
Operating transfers in	<u>263,975</u>	<u>263,977</u>	<u>2</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$ 236,905</u>	233,951	<u>\$ (2,954)</u>
Fund balance, July 1, 2001		<u>103,400</u>	
FUND BALANCE, JUNE 30, 2002		<u>\$ 337,351</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, 2002

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues:			
Court awarded forfeitures	\$ 18,530	\$ 18,534	\$ 4
Interest	2,735	2,735	-
Total revenues	<u>21,265</u>	<u>21,269</u>	<u>4</u>
Expenditures:			
Public safety	<u>31,775</u>	<u>31,768</u>	<u>7</u>
Excess of revenues over (under) expenditures	(10,510)	(10,499)	11
Other Financing Sources (Uses):			
Operating transfers out	<u>(3,790)</u>	<u>(3,789)</u>	<u>1</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$(14,300)</u>	(14,288)	<u>\$ 12</u>
Fund balance, July 1, 2001		<u>63,965</u>	
FUND BALANCE, JUNE 30, 2002		<u>\$ 49,677</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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
Grants	<u>\$114,845</u>	<u>\$28,734</u>	<u>\$(86,111)</u>
Expenditures:			
Planning and development	<u>58,010</u>	<u>58,010</u>	<u>-</u>
Excess of revenues over (under) expenditures	56,835	(29,276)	(86,111)
Other Financing Sources (Uses):			
Operating transfers in	<u>40,000</u>	<u>29,276</u>	<u>(10,724)</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$ 96,835</u>	-	<u>\$(96,835)</u>
Fund balance, July 1, 2001		<u>-</u>	
FUND BALANCE, JUNE 30, 2002		<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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
Grants	<u>\$88,495</u>	<u>\$98,994</u>	<u>\$ 10,499</u>
Expenditures:			
Planning and development	<u>64,130</u>	<u>98,994</u>	<u>(34,864)</u>
Excess of revenues over (under) expenditures	<u>24,365</u>	<u>-</u>	<u>(24,365)</u>
Other Financing Sources (Uses):			
Operating transfers in	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$74,365</u>	<u>-</u>	<u>\$(74,365)</u>
Fund balance, July 1, 2001		<u>-</u>	
FUND BALANCE, JUNE 30, 2002		<u>\$ -</u>	

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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
Other	<u>\$3,160</u>	<u>\$ 3,164</u>	<u>\$ 4</u>
 Excess of revenues over (under) expenditures	 <u>\$3,160</u>	 3,164	 <u>\$ 4</u>
 Fund balance, July 1, 2001		 <u>176,345</u>	
 FUND BALANCE, JUNE 30, 2002		 <u>\$179,509</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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
Grants	<u>\$444,070</u>	<u>\$426,861</u>	<u>\$(17,209)</u>
Expenditures:			
Planning and development	<u>420,785</u>	<u>426,861</u>	<u>(6,076)</u>
Excess of revenues over (under) expenditures	<u>23,285</u>	<u>-</u>	<u>(23,285)</u>
Other Financing Sources (Uses):			
Operating transfers in	34,800	-	(34,800)
Operating transfers out	<u>(3,535)</u>	<u>-</u>	<u>3,535</u>
Total other financing sources (uses)	<u>31,265</u>	<u>-</u>	<u>(31,265)</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$ 54,550</u>	<u>-</u>	<u>\$(54,550)</u>
Fund balance, July 1, 2001		<u>-</u>	
FUND BALANCE, JUNE 30, 2002		<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, 2002

	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:			
Grants	\$ 50,000	\$ 50,000	\$ -
Interest	3,560	3,562	2
Other	8,300	8,304	4
Total revenues	<u>61,860</u>	<u>61,866</u>	<u>6</u>
Expenditures:			
Planning and development	<u>103,245</u>	<u>103,241</u>	<u>4</u>
Excess of revenues over (under) expenditures	<u>(41,385)</u>	<u>(41,375)</u>	<u>10</u>
Other Financing Sources (Uses):			
Operating transfers in	43,000	43,000	-
Operating transfers out	<u>(28,535)</u>	<u>(25,000)</u>	<u>3,535</u>
Total other financing sources (uses)	<u>14,465</u>	<u>18,000</u>	<u>3,535</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$ (26,920)</u>	<u>(23,375)</u>	<u>\$3,545</u>
Fund balance, July 1, 2001		<u>155,838</u>	
FUND BALANCE, JUNE 30, 2002		<u>\$132,463</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, 2002

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues:			
Grants	<u>\$152,550</u>	<u>\$152,556</u>	<u>\$ 6</u>
Expenditures:			
Public safety	<u>152,560</u>	<u>152,556</u>	<u>4</u>
Excess of revenues over (under) expenditures	<u>\$ (10)</u>	-	<u>\$10</u>
Fund balance, July 1, 2001		<u>-</u>	
FUND BALANCE, JUNE 30, 2002		<u>\$ -</u>	

CITY OF PADUCAH, KENTUCKY

FINANCIAL STATEMENTS

DEBT SERVICE FUND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2002

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, 2002**

ASSETS

Cash	\$ 45,684
Notes receivable	<u>200,667</u>
TOTAL ASSETS	<u><u>\$246,351</u></u>

LIABILITIES AND FUND EQUITY

Liabilities:	
Deferred revenues	\$ 1,283
Matured interest coupons unpaid	<u>344</u>
Total liabilities	1,627
 Fund Equity:	
Fund balance:	
Unreserved:	
Designated for debt service	<u>244,724</u>
TOTAL LIABILITIES AND EQUITY	<u><u>\$246,351</u></u>

CITY OF PADUCAH, KENTUCKY
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2002

Revenues:	
Taxes	\$ 371,327
Intergovernmental	<u>161,021</u>
Total revenues	<u>532,348</u>
Expenditures:	
Debt service:	
Principal requirement	362,275
Interest and fiscal requirement	<u>413,364</u>
Total expenditures	<u>775,639</u>
Excess of revenues over (under) expenditures	(243,291)
Other Financing Sources (Uses):	
Operating transfers in	<u>255,375</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	12,084
Fund balance, July 1, 2001	<u>232,640</u>
FUND BALANCE, JUNE 30, 2002	<u><u>\$ 244,724</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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 371,325	\$ 371,327	\$ 2
Intergovernmental	161,020	161,021	1
Total revenues	<u>532,345</u>	<u>532,348</u>	<u>3</u>
Expenditures:			
Debt service:			
Principal requirement	362,275	362,275	-
Interest and fiscal requirement	413,460	413,364	96
Total expenditures	<u>775,735</u>	<u>775,639</u>	<u>96</u>
Excess of revenues over (under) expenditures	(243,390)	(243,291)	99
Other Financing Sources (Uses):			
Operating transfers in	<u>255,375</u>	<u>255,375</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$ 11,985</u>	12,084	<u>\$ 99</u>
Fund balance, July 1, 2001		<u>232,640</u>	
FUND BALANCE, JUNE 30, 2002		<u>\$ 244,724</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, 2002

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, 2002

<u>ASSETS</u>	<u>General Capital Improvements</u>	<u>Downtown Capital Improvements</u>	<u>Combined Total</u>
Cash	\$1,162,067	\$ 284,675	\$1,446,742
Investments	101,781	3,133,300	3,235,081
Interest receivable	1,149	323	1,472
TOTAL ASSETS	<u><u>\$1,264,997</u></u>	<u><u>\$3,418,298</u></u>	<u><u>\$4,683,295</u></u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Voucher and accounts payable	\$ 21,126	\$ 87,523	\$ 108,649
Due to other funds	4,000	-	4,000
Deferred revenue	358,928	-	358,928
Total liabilities	384,054	87,523	471,577
Fund Equity:			
Fund balance:			
Reserved for future capital improvements	880,943	3,330,775	4,211,718
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$1,264,997</u></u>	<u><u>\$3,418,298</u></u>	<u><u>\$4,683,295</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
YEAR ENDED JUNE 30, 2002

	General Capital Improvements	Downtown Capital Improvements	Combined Total
Revenues:			
Intergovernmental	\$ 29,374	\$ -	\$ 29,374
Grants	742,221	250,000	992,221
Interest	18,822	256,177	274,999
Other	112,544	7,343	119,887
	<u>902,961</u>	<u>513,520</u>	<u>1,416,481</u>
Expenditures:			
Other	2,934	-	2,934
Capital outlay	1,644,315	5,934,864	7,579,179
	<u>1,647,249</u>	<u>5,934,864</u>	<u>7,582,113</u>
Excess of revenues over (under) expenditures	<u>(744,288)</u>	<u>(5,421,344)</u>	<u>(6,165,632)</u>
Other Financing Sources (Uses):			
Operating transfers in	<u>693,045</u>	<u>-</u>	<u>693,045</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	(51,243)	(5,421,344)	(5,472,587)
Fund balances, July 1, 2001	1,082,286	8,752,119	9,834,405
Adjustment to beginning fund balance	<u>(150,100)</u>	<u>-</u>	<u>(150,100)</u>
FUND BALANCES, JUNE 30, 2002	<u><u>\$ 880,943</u></u>	<u><u>\$3,330,775</u></u>	<u><u>\$4,211,718</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, 2002

	<u>General Capital Improvements</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$ 29,370	\$ 29,374	\$ 4
Grants	641,535	742,221	100,686
Interest	18,820	18,822	2
Other	112,540	112,544	4
	<u>802,265</u>	<u>902,961</u>	<u>100,696</u>
Expenditures:			
Other	2,935	2,934	1
Capital outlay	1,669,705	1,644,315	25,390
	<u>1,672,640</u>	<u>1,647,249</u>	<u>25,391</u>
Excess of revenues over (under) expenditures	(870,375)	(744,288)	126,087
Other Financing Sources (Uses):			
Operating transfers in	830,620	693,045	(137,575)
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$ (39,755)</u>	(51,243)	<u>\$ (11,488)</u>
Fund balances, July 1, 2001		1,082,286	
Adjustment to beginning fund balance		<u>(150,100)</u>	
FUND BALANCES, JUNE 30, 2002		<u>\$ 880,943</u>	

See auditor's report on page 13.

Downtown Capital Improvements			Totals		
Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 29,370	\$ 29,374	\$ 4
250,000	250,000	-	891,535	992,221	100,686
256,170	256,177	7	274,990	274,999	9
7,340	7,343	3	119,880	119,887	7
<u>513,510</u>	<u>513,520</u>	<u>10</u>	<u>1,315,775</u>	<u>1,416,481</u>	<u>100,706</u>
-	-	-	2,935	2,934	1
<u>5,852,675</u>	<u>5,934,864</u>	<u>(82,189)</u>	<u>7,522,380</u>	<u>7,579,179</u>	<u>(56,799)</u>
<u>5,852,675</u>	<u>5,934,864</u>	<u>(82,189)</u>	<u>7,525,315</u>	<u>7,582,113</u>	<u>(56,798)</u>
(5,339,165)	(5,421,344)	(82,179)	(6,209,540)	(6,165,632)	43,908
<u>-</u>	<u>-</u>	<u>-</u>	<u>830,620</u>	<u>693,045</u>	<u>(137,575)</u>
<u><u>\$(5,339,165)</u></u>	<u>(5,421,344)</u>	<u><u>\$(82,179)</u></u>	<u><u>\$(5,378,920)</u></u>	<u>(5,472,587)</u>	<u><u>\$(93,667)</u></u>
	8,752,119			9,834,405	
	<u>-</u>			<u>(150,100)</u>	
	<u><u>\$ 3,330,775</u></u>			<u><u>\$ 4,211,718</u></u>	

CITY OF PADUCAH, KENTUCKY

FINANCIAL STATEMENTS

ENTERPRISE FUNDS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2002

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, 2002

<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	\$1,371,839	\$188,813	\$ 24,970	\$ 13,831	\$1,599,453
Investments	407,123	-	-	-	407,123
Interest receivable	2,328	-	-	-	2,328
Inventory	359	-	-	-	359
Total current assets	<u>1,781,649</u>	<u>188,813</u>	<u>24,970</u>	<u>13,831</u>	<u>2,009,263</u>
Property and Equipment:					
Land	65,908	-	-	-	65,908
Buildings	40,658	-	284,224	-	324,882
Machinery and equipment	3,426,483	-	17,491	349,441	3,793,415
Less accumulated depreciation	<u>(2,421,274)</u>	<u>-</u>	<u>(131,202)</u>	<u>(120,752)</u>	<u>(2,673,228)</u>
Total property and equipment	<u>1,111,775</u>	<u>-</u>	<u>170,513</u>	<u>228,689</u>	<u>1,510,977</u>
TOTAL ASSETS	<u>\$2,893,424</u>	<u>\$188,813</u>	<u>\$195,483</u>	<u>\$242,520</u>	<u>\$3,520,240</u>
 <u>LIABILITIES AND FUND EQUITY</u>					
Current Liabilities:					
Voucher and accounts payable	\$ 191,738	\$188,813	\$ 1,160	\$ 3,384	\$ 385,095
Accrued payroll and payroll taxes	16,577	-	-	-	16,577
Current maturities of long-term debt	42,000	-	-	-	42,000
Total current liabilities	<u>250,315</u>	<u>188,813</u>	<u>1,160</u>	<u>3,384</u>	<u>443,672</u>
Long-Term Debt:					
Accrued compensation absences	<u>17,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,696</u>
Fund Equity:					
Contributed capital	-	-	162,000	208,861	370,861
Retained earnings - unreserved	<u>2,625,413</u>	<u>-</u>	<u>32,323</u>	<u>30,275</u>	<u>2,688,011</u>
Total fund equity	<u>2,625,413</u>	<u>-</u>	<u>194,323</u>	<u>239,136</u>	<u>3,058,872</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$2,893,424</u>	<u>\$188,813</u>	<u>\$195,483</u>	<u>\$242,520</u>	<u>\$3,520,240</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, 2002

	Solid Waste Fund	Wastewater/ Stormwater Fund	Civic Center Fund	TISA Fund	Combined Total
Operating Revenues:					
Charges for services	\$3,244,242	\$ -	\$ 19,392	\$ 69,659	\$3,333,293
Other	1,157	-	-	1,141	2,298
Total operating revenues	<u>3,245,399</u>	<u>-</u>	<u>19,392</u>	<u>70,800</u>	<u>3,335,591</u>
Operating Expenses:					
Cost of sales and service	2,871,940	-	30,144	61,900	2,963,984
Depreciation and amortization	330,345	-	9,105	48,711	388,161
Total operating expenses	<u>3,202,285</u>	<u>-</u>	<u>39,249</u>	<u>110,611</u>	<u>3,352,145</u>
Operating income (loss)	<u>43,114</u>	<u>-</u>	<u>(19,857)</u>	<u>(39,811)</u>	<u>(16,554)</u>
Nonoperating Revenues (Expenses):					
Investment income	50,890	-	514	-	51,404
Gain (loss) on disposal of property and equipment	35,753	-	-	-	35,753
Total nonoperating revenues (expenses)	<u>86,643</u>	<u>-</u>	<u>514</u>	<u>-</u>	<u>87,157</u>
Income (loss) before operating transfers	<u>129,757</u>	<u>-</u>	<u>(19,343)</u>	<u>(39,811)</u>	<u>70,603</u>
Operating Transfers In (Out):					
Operating transfers in	-	-	10,000	-	10,000
Net income (loss)	129,757	-	(9,343)	(39,811)	80,603
Add: Depreciation on property and equipment funded by contributed capital	-	-	5,400	48,027	53,427
Retained earnings, July 1, 2001	<u>2,495,656</u>	<u>-</u>	<u>36,266</u>	<u>22,059</u>	<u>2,553,981</u>
RETAINED EARNINGS, JUNE 30, 2002	<u><u>\$2,625,413</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 32,323</u></u>	<u><u>\$ 30,275</u></u>	<u><u>\$2,688,011</u></u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002

	<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)	\$ 43,114	\$ -	\$(19,857)	\$(39,811)	\$ (16,554)
Adjustments to reconciled operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	330,345	-	9,105	48,711	388,161
(Increase) decrease in:					
Receivables	208,052	-	-	34,697	242,749
Increase (decrease) in:					
Accounts payable and accrued expenses	56,103	4,225	(2,664)	(21,794)	35,870
Net cash provided (used) by operating activities	<u>637,614</u>	<u>4,225</u>	<u>(13,416)</u>	<u>21,803</u>	<u>650,226</u>
Cash Flows from Noncapital Financing Activities:					
Operating transfers in	-	-	10,000	-	10,000
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(365,514)	-	-	(20,512)	(386,026)
Proceeds from sale of capital assets	393	-	-	-	393
Net cash provided (used) by capital and related financing activities	<u>(365,121)</u>	<u>-</u>	<u>-</u>	<u>(20,512)</u>	<u>(385,633)</u>
Cash Flows from Investing Activities:					
Proceeds from sale of investment securities	528,237	-	-	-	528,237
Interest on cash and investments	50,890	-	514	-	51,404
Net cash provided (used) by investing activities	<u>579,127</u>	<u>-</u>	<u>514</u>	<u>-</u>	<u>579,641</u>
Net increase (decrease) in cash and cash equivalents	851,620	4,225	(2,902)	1,291	854,234
Cash and cash equivalents, July 1, 2001	<u>520,219</u>	<u>184,588</u>	<u>27,872</u>	<u>12,540</u>	<u>745,219</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2002	<u><u>\$1,371,839</u></u>	<u><u>\$188,813</u></u>	<u><u>\$ 24,970</u></u>	<u><u>\$ 13,831</u></u>	<u><u>\$1,599,453</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, 2002

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Operating Revenues:			
Charges for services	\$3,244,240	\$3,244,242	\$ 2
Other	1,155	1,157	2
	<u>\$3,245,395</u>	<u>\$3,245,399</u>	<u>\$ 4</u>
Operating Expenses:			
Solid waste administration	\$ 209,170	\$ 209,075	\$ 95
Residential collection	1,039,875	1,039,853	22
Commercial collection	1,034,625	1,036,366	(1,741)
Composting and recycling	145,170	145,097	73
Bulk, brush and leaf	435,280	435,252	28
Leave expense	48,300	6,297	42,003
Depreciation	382,000	330,345	51,655
	<u>\$3,294,420</u>	<u>\$3,202,285</u>	<u>\$92,135</u>

CITY OF PADUCAH, KENTUCKY
CIVIC CENTER FUND
SCHEDULE OF OPERATING REVENUES AND EXPENSES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2002

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Operating Revenues:			
Charges for services	<u>\$19,390</u>	<u>\$19,392</u>	<u>\$ 2</u>
Operating Expenses:			
Civic Center operations	\$30,170	\$30,144	\$ 26
Depreciation	<u>11,000</u>	<u>9,105</u>	<u>1,895</u>
Total operating expenses	<u>\$41,170</u>	<u>\$39,249</u>	<u>\$1,921</u>

CITY OF PADUCAH, KENTUCKY
TISA FUND
SCHEDULE OF OPERATING REVENUES AND EXPENSES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2002

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Operating Revenues:			
Charges for services	\$ 69,660	\$ 69,659	\$ (1)
Other	1,140	1,141	1
	<u>\$ 70,800</u>	<u>\$ 70,800</u>	<u>\$ -</u>
Operating Expenses:			
Cost of service	\$ 61,915	\$ 61,900	\$ 15
Depreciation	48,720	48,711	9
	<u>\$110,635</u>	<u>\$110,611</u>	<u>\$ 24</u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY

FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2002

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, 2002

<u>ASSETS</u>	<u>Fleet</u>	<u>Fleet Lease</u>	<u>Insurance</u>	<u>Health</u>	<u>Combined</u>
	<u>Maintenance</u>	<u>Trust</u>	<u>Fund</u>	<u>Insurance</u>	<u>Total</u>
				<u>Fund</u>	
Current Assets:					
Cash and cash equivalents	\$ 300	\$ 549,955	\$109,411	\$ 41,402	\$ 701,068
Investments	-	229,781	-	-	229,781
Accounts receivable	-	-	-	139,924	139,924
Interest receivable	-	4,275	-	-	4,275
Inventory	125,408	-	-	-	125,408
	<u>125,708</u>	<u>784,011</u>	<u>109,411</u>	<u>181,326</u>	<u>1,200,456</u>
Total current assets					
	<u>125,708</u>	<u>784,011</u>	<u>109,411</u>	<u>181,326</u>	<u>1,200,456</u>
Property and Equipment:					
Buildings	20,000	-	-	-	20,000
Machinery and equipment	212,330	2,110,845	-	-	2,323,175
Less accumulated depreciation	(177,571)	(741,563)	-	-	(919,134)
	<u>54,759</u>	<u>1,369,282</u>	<u>-</u>	<u>-</u>	<u>1,424,041</u>
Total property and equipment					
	<u>54,759</u>	<u>1,369,282</u>	<u>-</u>	<u>-</u>	<u>1,424,041</u>
TOTAL ASSETS	<u>\$ 180,467</u>	<u>\$2,153,293</u>	<u>\$109,411</u>	<u>\$181,326</u>	<u>\$2,624,497</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Current Liabilities:					
Voucher and accounts payable	\$ 12,885	\$ -	\$ -	\$287,669	\$ 300,554
Accrued payroll and payroll taxes	5,688	-	-	-	5,688
Current maturities of long-term debt	20,000	-	-	-	20,000
Due to other funds	-	-	-	83,712	83,712
	<u>38,573</u>	<u>-</u>	<u>-</u>	<u>371,381</u>	<u>409,954</u>
Total current liabilities					
	<u>38,573</u>	<u>-</u>	<u>-</u>	<u>371,381</u>	<u>409,954</u>
Long-Term Debt:					
Accrued compensated absences	30,858	-	-	-	30,858
	<u>30,858</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,858</u>
Fund Equity:					
Contributed capital	-	260,495	-	-	260,495
Retained earnings - unreserved	111,036	1,892,798	109,411	(190,055)	1,923,190
	<u>111,036</u>	<u>2,153,293</u>	<u>109,411</u>	<u>(190,055)</u>	<u>2,183,685</u>
Total fund equity					
	<u>111,036</u>	<u>2,153,293</u>	<u>109,411</u>	<u>(190,055)</u>	<u>2,183,685</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 180,467</u>	<u>\$2,153,293</u>	<u>\$109,411</u>	<u>\$181,326</u>	<u>\$2,624,497</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, 2002

	<u>Fleet Maintenance</u>	<u>Fleet Lease Trust</u>	<u>Insurance Fund</u>	<u>Health Insurance Fund</u>	<u>Combined Total</u>
Operating Revenues:					
Charges for services	\$ 265,706	\$ 303,247	\$891,275	\$2,795,268	\$4,255,496
Operating Expenses:					
Vehicle maintenance	400,247	-	-	-	400,247
Administrative	-	1,100	-	850	1,950
Insurance	-	-	802,341	2,864,709	3,667,050
Leave expense	3,328	-	-	-	3,328
Depreciation	13,840	229,420	-	-	243,260
Total operating expenses	<u>417,415</u>	<u>230,520</u>	<u>802,341</u>	<u>2,865,559</u>	<u>4,315,835</u>
Operating income (loss)	<u>(151,709)</u>	<u>72,727</u>	<u>88,934</u>	<u>(70,291)</u>	<u>(60,339)</u>
Nonoperating Revenues (Expenses):					
Investment income	-	12,727	-	-	12,727
Gain (loss) on disposal of property and equipment	-	17,213	-	-	17,213
Total nonoperating revenues (expenses)	<u>-</u>	<u>29,940</u>	<u>-</u>	<u>-</u>	<u>29,940</u>
Income (loss) before operating transfers	(151,709)	102,667	88,934	(70,291)	(30,399)
Operating Transfers In (Out):					
Operating transfers in	<u>123,887</u>	<u>467,431</u>	<u>-</u>	<u>-</u>	<u>591,318</u>
Net income (loss)	(27,822)	570,098	88,934	(70,291)	560,919
Retained earnings (deficit), July 1, 2001	138,858	1,262,186	20,477	(119,764)	1,301,757
Adjustment to beginning retained earnings	<u>-</u>	<u>60,514</u>	<u>-</u>	<u>-</u>	<u>60,514</u>
RETAINED EARNINGS (DEFICIT), JUNE 30, 2002	<u>\$ 111,036</u>	<u>\$1,892,798</u>	<u>\$109,411</u>	<u>\$ (190,055)</u>	<u>\$1,923,190</u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002

	<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)	\$(151,709)	\$ 72,727	\$ 88,934	\$(70,291)	\$(60,339)
Adjustments to reconcile net income to net cash provided (used) by operating activities:					
Depreciation	13,840	229,420	-	-	243,260
(Increase) decrease in:					
Receivables	-	1,213	-	38,440	39,653
Inventories	7,870	-	-	-	7,870
Increase (decrease) in:					
Accounts payable and accrued expenses	9,453	-	(15,016)	73,253	67,690
Net cash provided (used) by operating activities	<u>(120,546)</u>	<u>303,360</u>	<u>73,918</u>	<u>41,402</u>	<u>298,134</u>
Cash Flows from Noncapital Financing Activities:					
Operating transfers in	<u>123,887</u>	<u>467,431</u>	<u>-</u>	<u>-</u>	<u>591,318</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition of capital assets	(3,350)	(467,431)			(470,781)
Proceeds from the sale of capital assets	<u>-</u>	<u>17,213</u>	<u>-</u>	<u>-</u>	<u>17,213</u>
Net cash provided (used) by capital and related financing activities	<u>(3,350)</u>	<u>(450,218)</u>	<u>-</u>	<u>-</u>	<u>(453,568)</u>
Cash Flows from Investing Activities:					
Proceeds from sale of investment securities	-	33,986	-	-	33,986
Interest on cash and investments	<u>-</u>	<u>12,727</u>	<u>-</u>	<u>-</u>	<u>12,727</u>
Net cash provided (used) by investing activities	<u>-</u>	<u>46,713</u>	<u>-</u>	<u>-</u>	<u>46,713</u>
Net increase (decrease) in cash and cash equivalents	(9)	367,286	73,918	41,402	482,597
Cash and cash equivalents, July 1, 2001	<u>309</u>	<u>182,669</u>	<u>35,493</u>	<u>-</u>	<u>218,471</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2002	<u><u>\$ 300</u></u>	<u><u>\$549,955</u></u>	<u><u>\$109,411</u></u>	<u><u>\$ 41,402</u></u>	<u><u>\$701,068</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, 2002

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Operating Revenues:			
Charges for services	<u>\$265,700</u>	<u>\$265,706</u>	<u>\$ 6</u>
Operating Expenses:			
Vehicle maintenance	\$401,175	\$400,247	\$ 928
Leave expense	18,330	3,328	15,002
Depreciation	<u>11,000</u>	<u>13,840</u>	<u>(2,840)</u>
Total operating expenses	<u>\$430,505</u>	<u>\$417,415</u>	<u>\$13,090</u>

CITY OF PADUCAH, KENTUCKY
FLEET LEASE TRUST
SCHEDULE OF OPERATING REVENUES AND EXPENSES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2002

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Operating Revenues:			
Charges for services	<u>\$303,245</u>	<u>\$303,247</u>	<u>\$ 2</u>
Operating Expenses:			
Administrative	\$ 1,100	\$ 1,100	\$ -
Depreciation	<u>229,420</u>	<u>229,420</u>	<u>-</u>
Total operating expenses	<u>\$230,520</u>	<u>\$230,520</u>	<u>\$ -</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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Operating Revenues:			
Charges for services	<u>\$891,275</u>	<u>\$891,275</u>	<u>\$ -</u>
 Operating Expenses:			
Insurance expense	<u>\$802,510</u>	<u>\$802,341</u>	<u>\$ 169</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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Operating Revenues:			
Charges for services	<u>\$2,753,865</u>	<u>\$2,795,268</u>	<u>\$41,403</u>
Operating Expenses:			
Administration	\$ 850	\$ 850	\$ -
Insurance expense	<u>2,864,715</u>	<u>2,864,709</u>	<u>6</u>
Total operating expenses	<u>\$2,865,565</u>	<u>\$2,865,559</u>	<u>\$ 6</u>

CITY OF PADUCAH, KENTUCKY

FINANCIAL STATEMENTS

TRUST AND AGENCY FUNDS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2002

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, 2002

<u>ASSETS</u>	<u>Pension Trust</u>	
	<u>Police and Firefighters' Retirement Fund</u>	<u>Appointive Employees' Pension Fund</u>
Cash and cash equivalents	\$ 321,919	\$344,265
Investments	9,973,400	-
Receivables:		
Interest	81,285	-
Property taxes (net of allowances for uncollectibles)	-	-
Due from other taxing agencies	-	-
Other	5,980	150
TOTAL ASSETS	<u><u>\$10,382,584</u></u>	<u><u>\$344,415</u></u>
 <u>LIABILITIES AND FUND BALANCES</u> 		
Liabilities:		
Voucher and accounts payable	\$ 367	\$ 142
Payroll taxes and withholdings payable	-	-
Due to other funds	-	-
Due to other taxing agencies	-	-
Total liabilities	<u>367</u>	<u>142</u>
Fund Balances:		
Reserved for employees' pension benefits	10,382,217	344,273
Reserved for trust purpose	-	-
Undesignated	-	-
Total fund balances	<u>10,382,217</u>	<u>344,273</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$10,382,584</u></u>	<u><u>\$344,415</u></u>

See auditor's report on page 13.

<u>Nonexpendable Trust</u>	<u>Expendable Trust</u>	<u>Agency</u>	
<u>Oak Grove Cemetery Trust</u>	<u>Rinkleff Estate</u>	<u>Total</u>	<u>Combined Total</u>
\$ 1,017	\$13,648	\$255,382	\$ 936,231
68,056	-	-	10,041,456
-	-	-	81,285
-	-	188,841	188,841
-	-	2,114	2,114
-	-	-	6,130
<u>\$69,073</u>	<u>\$13,648</u>	<u>\$446,337</u>	<u>\$11,256,057</u>
\$ -	\$ -	\$ -	\$ 509
-	-	255,382	255,382
-	-	100,718	100,718
-	-	90,237	90,237
<u>-</u>	<u>-</u>	<u>446,337</u>	<u>446,846</u>
-	-	-	10,726,490
69,073	-	-	69,073
-	13,648	-	13,648
<u>69,073</u>	<u>13,648</u>	<u>-</u>	<u>10,809,211</u>
<u>\$69,073</u>	<u>\$13,648</u>	<u>\$446,337</u>	<u>\$11,256,057</u>

CITY OF PADUCAH, KENTUCKY
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
YEAR ENDED JUNE 30, 2002

Additions:	Police and Firefighters' Retirement	Appointive Employees' Pension	Totals
Contributions:			
Employer	\$ 209,356	\$ -	\$ 209,356
Plan member	29,224	-	29,224
Interfund transfers	597,276	75,000	672,276
Total contributions	<u>835,856</u>	<u>75,000</u>	<u>910,856</u>
Investment income:			
Net appreciation (depreciation) in fair value of investments	(464,992)	-	(464,992)
Interest and dividends	463,313	13,541	476,854
Total investment income	<u>(1,679)</u>	<u>13,541</u>	<u>11,862</u>
Total additions	<u>834,177</u>	<u>88,541</u>	<u>922,718</u>
Deductions:			
Benefits	1,761,979	101,300	1,863,279
Administrative expense	36,109	4,407	40,516
Total deductions	<u>1,798,088</u>	<u>105,707</u>	<u>1,903,795</u>
Net increase (decrease)	(963,911)	(17,166)	(981,077)
Net assets held in trust for pension benefits:			
July 1, 2001	<u>11,346,128</u>	<u>361,439</u>	<u>11,707,567</u>
JUNE 30, 2002	<u>\$10,382,217</u>	<u>\$344,273</u>	<u>\$10,726,490</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, 2002**

Operating Revenues:		
Intergovernmental revenues		\$ 2,410
Operating Expenses:		
Administrative costs		276
Operating income		2,134
Nonoperating Revenues (Expenses):		
Investment income		2,930
Net income		5,064
Fund balance, July 1, 2001		64,009
FUND BALANCE, JUNE 30, 2002		\$69,073

**CITY OF PADUCAH, KENTUCKY
OAK GROVE CEMETERY TRUST
NONEXPENDABLE TRUST FUND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2002**

Cash Flows from Operating Activities:	
Operating income	<u>\$ 2,134</u>
Cash Flows from Investing Activities:	
Purchase of investment securities	(37,992)
Proceeds from sales and maturities of investment securities	20,457
Investment income	<u>3,333</u>
Net cash provided (used) by investing activities	<u>(14,202)</u>
Net increase (decrease) in cash and cash equivalents	(12,068)
Cash and cash equivalents, July 1, 2001	<u>13,085</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2002	<u><u>\$ 1,017</u></u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
RINKLEFF ESTATE
EXPENDABLE TRUST FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2002

Revenues:		
Interest	<u>\$ 306</u>	
Expenditures:		
Administrative costs	<u>50</u>	
Excess of revenues over (under) expenditures	256	
Fund balance, July 1, 2001	<u>13,392</u>	
FUND BALANCE, JUNE 30, 2002	<u><u>\$13,648</u></u>	

CITY OF PADUCAH, KENTUCKY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2002

Property Tax Fund:	Balance			Balance
	July 1, 2001	Additions	Deductions	June 30, 2002
Assets:				
Cash and cash equivalents	\$ (2,266)	\$ 9,270,174	\$ 9,267,908	\$ -
Taxes receivable (net of allowances of uncollectibles)	204,373	9,254,642	9,270,174	188,841
Due from other taxing agencies	2,265	106,792	106,943	2,114
Total assets	\$204,372	\$18,631,608	\$18,645,025	\$190,955
Liabilities:				
Due to other funds	\$101,991	\$ 4,423,988	\$ 4,425,261	100,718
Due to other taxing agencies	102,381	4,961,315	4,973,459	90,237
Due to taxpayers	-	5,293	5,293	-
Total liabilities	\$204,372	\$ 9,390,596	\$ 9,404,013	\$190,955
Payroll Fund:				
Assets:				
Cash and cash equivalents	\$279,735	\$10,180,976	\$10,205,329	\$255,382
Liabilities:				
Payroll taxes and withholdings payable	\$279,735	\$10,180,976	\$10,205,329	\$255,382
Totals - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$277,469	\$19,451,150	\$19,473,237	\$255,382
Taxes receivable (net of allowances for uncollectibles)	204,373	9,254,642	9,270,174	188,841
Due from other taxing agencies	2,265	106,792	106,943	2,114
Total assets	\$484,107	\$28,812,584	\$28,850,354	\$446,337
Liabilities:				
Payroll taxes and withholdings payable	\$279,735	\$10,180,976	\$10,205,329	\$255,382
Due to other funds	101,991	4,423,988	4,425,261	100,718
Due to other taxing agencies	102,381	4,961,315	4,973,459	90,237
Due to taxpayers	-	5,293	5,293	-
Total liabilities	\$484,107	\$19,571,572	\$19,609,342	\$446,337

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY

FINANCIAL STATEMENTS

GENERAL FIXED ASSETS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2002

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, 2002 AND 2001**

General Fixed Assets:	<u>2002</u>	<u>2001</u>
Land	\$ 5,054,656	\$ 5,054,656
Buildings and improvements	13,026,970	13,026,970
Equipment	5,371,310	5,279,401
Furnishings and fixtures	249,328	250,828
Vehicles	<u>4,220,538</u>	<u>4,382,397</u>
 Total general fixed assets	 <u>\$27,922,802</u>	 <u>\$27,994,252</u>
 Investment in General Fixed Assets From:		
General Fund	\$25,804,729	\$25,889,944
Special Revenue Funds	<u>2,118,073</u>	<u>2,104,308</u>
 Total investment in general fixed assets	 <u>\$27,922,802</u>	 <u>\$27,994,252</u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
JUNE 30, 2002

<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	-	-	59,384
Inspection	-	-	82,231
Planning	213,644	-	121,461
Police	27,956	837,303	606,683
Fire	119,000	1,335,056	435,355
Public works	3,000	1,233,021	663,105
Recreation	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	186,346
Total general fund	<u>4,621,529</u>	<u>12,601,319</u>	<u>4,181,827</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>\$5,371,310</u></u>

See auditor's report on page 13.

FAX 8767

**Furnishings
and
Fixtures**

Furnishings and Fixtures	Vehicles	Total
\$ 81,305	\$ 36,198	\$10,513,954
1,394	-	107,587
-	-	59,384
29,505	38,414	150,150
11,171	42,478	388,754
2,313	747,815	2,222,070
44,672	2,219,924	4,154,007
10,159	962,473	2,871,758
38,119	41,675	4,810,564
-	-	76,651
-	-	11,459
-	-	24,946
7,047	85,392	413,445
<u>225,685</u>	<u>4,174,369</u>	<u>25,804,729</u>
23,643	-	1,053,103
-	46,169	189,083
-	-	875,887
<u>23,643</u>	<u>46,169</u>	<u>2,118,073</u>
<u>\$249,328</u>	<u>\$4,220,538</u>	<u>\$27,922,802</u>



CITY OF PADUCAH, KENTUCKY
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
YEAR ENDED JUNE 30, 2002

<u>Function and Activity</u>	<u>General Fixed Assets July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>General Fixed Assets June 30, 2002</u>
General Fund:				
General government	\$10,513,954	\$ -	\$ -	\$10,513,954
Finance	107,587	-	-	107,587
Inspection	165,030	-	14,880	150,150
Information systems	22,304	37,080	-	59,384
Planning	362,653	26,101	-	388,754
Police	2,323,515	9,000	110,445	2,222,070
Fire	4,127,301	26,706	-	4,154,007
Public works	2,941,276	13,995	83,513	2,871,758
Parks	4,810,564	-	-	4,810,564
Cable authority	76,651	-	-	76,651
Human rights	11,459	-	-	11,459
Personnel	24,946	-	-	24,946
Engineering services	402,704	10,741	-	413,445
Total general fund	<u>25,889,944</u>	<u>123,623</u>	<u>208,838</u>	<u>25,804,729</u>
Special Revenue Funds:				
Emergency communications	1,053,103	-	-	1,053,103
Court awards	175,318	13,765	-	189,083
Federal and state grant funds	875,887	-	-	875,887
Total special revenue funds	<u>2,104,308</u>	<u>13,765</u>	<u>-</u>	<u>2,118,073</u>
TOTAL GENERAL FIXED ASSETS	<u><u>\$27,994,252</u></u>	<u><u>\$137,388</u></u>	<u><u>\$208,838</u></u>	<u><u>\$27,922,802</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, 2002

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, 2002

	<u>Balance July 1, 2001</u>	<u>New Debt Incurred</u>	<u>Debt Payment or Reduction</u>	<u>Balance June 30, 2002</u>
General fund accrued compensated absences	\$ 1,290,795	\$21,583	\$ -	\$ 1,312,378
General bond obligation	9,290,000	-	215,000	9,075,000
Capital lease	<u>381,330</u>	<u>-</u>	<u>147,276</u>	<u>234,054</u>
TOTAL GENERAL LONG-TERM DEBT ACCOUNT GROUP	<u><u>\$10,962,125</u></u>	<u><u>\$21,583</u></u>	<u><u>\$362,276</u></u>	<u><u>\$10,621,432</u></u>

See auditor's report on page 13.

CITY OF PADUCAH, KENTUCKY

STATISTICAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2002

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

<u>Fiscal Year</u>	<u>Total</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Service</u>	<u>Parks and Recreation</u>	<u>Other</u>
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
2001-2002	22,904,317	3,446,408	11,076,152	7,163,787	897,060	320,910

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
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
2001-2002	24,893,770	5,006,538	17,299,400	657,826	399,977	665,614	256,900	607,515

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

<u>Fiscal Year</u>	<u>Total</u>	<u>Real and Personal (Current Year)</u>	<u>Real and Personal (Prior Year)</u>	<u>Franchise</u>	<u># Bank Taxes</u>	<u>In Lieu of Tax Payments</u>	<u>Penalty, Interest & Adv.</u>	<u>% Charge On School Tax Collections</u>
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
2001-2002	5,127,176	4,088,805	291,515	259,451	184,629	134,055	48,084	120,637

Note: This table includes only the General Fund collections.

Bank tax for fiscal years 1993-1996 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>
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%
2001-2002	4,679,795	4,532,885	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
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	*
2001-2002	1,024,284,671	466,849,195	71,286,784	*	1,562,420,650	1,623,844,461	96.2%	60,449,948	*

* 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 Junior College		Combined	
	Real Estate	Personal	Real Estate	Personal	(*)	Real Estate	Personal	Real Estate	Personal	Real Estate	Personal	Real Estate	Personal
1992-1993	.452	.490	.049	.050	.014	.015	.015	.591	.591	.031	.034	1.138	1.180
1993-1994	.452	.490	.049	.050	-	.014	.015	.592	.592	.032	.034	1.139	1.181
1994-1995	.438	.490	.046	.050	-	.013	.015	.562	.595	.032	.034	1.091	1.184
1995-1996	.436	.390	.045	.050	-	.013	-	.600	.600	.032	.034	1.126	1.074
1996-1997	.327	.390	.043	.050	-	-	-	.594	.604	.032	.034	.966	1.078
1997-1998	.327	.390	.043	.050	-	-	-	.585	.607	.032	.034	.987	1.081
1998-1999	.318	.390	.041	.050	-	-	-	.598	.598	.030	.034	.987	1.072
1999-2000	.300	.390	.040	.050	-	-	-	.590	.590	.029	.034	.959	1.064
2000-2001	.300	.390	-	-	-	-	-	.597	.597	.022	.022	.919	1.009
2001-2002	.300	.390	-	-	-	-	-	.600	.603	.022	.022	.922	1.015

(*) 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>
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	5,479,493	5,188,735	.48	190.37
1994-1995	27,256	1,183,260,411	4,544,307	1,440,433	.12	52.85
1995-1996	27,256	1,266,399,947	4,072,981	40,182	.003	1.47
1996-1997	27,256	1,207,688,660	70,625	-	-	-
1997-1998	27,256	1,263,171,596	42,375	-	-	-
1998-1999	27,256	1,372,432,373	-	-	-	-
1999-2000	27,256	1,437,144,208	-	-	-	-
2000-2001	26,307	1,543,933,331	9,290,000	9,057,359	.59	344.29
2001-2002	26,307	1,562,420,650	9,075,000	8,830,276	.57	335.66

(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>
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%
2001-2002	362,275	413,364	775,639	22,904,317	3.4%

(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, 2002**

Net assessed value		\$1,562,420,650
Add exemption		<u>60,449,948</u>
Total assessed value		<u><u>\$1,622,870,598</u></u>
Debt limit - 10% of total assessed value (1)		\$ 162,287,060
Debt outstanding:		
General obligations bonds outstanding	\$9,075,000	
Less debt not subject to limit	<u> -</u>	
Gross bonded debt	9,075,000	
Less amount available in debt service funds	<u>244,724</u>	
Net bonded indebtedness subject to limit		<u>8,830,276</u>
Legal Debt Margin		<u><u>\$ 153,456,784</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
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	721,590,997	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
2001-2002	575,900,884	448,383,787	60,449,948	1,084,734,619	116	43,006,170	191	8,524,556	753,577

* 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

Fiscal Year	(1) Gross Revenue	(2) Expenses	Net Revenue Available for Debt Service	Debt Service Requirements		Coverage	
				Principal	Interest		
1992-1993	\$2,008,841	\$1,611,584	\$ 397,257	\$125,000	\$139,244	\$264,244	1.50x
1993-1994	2,150,844	1,592,527	558,317	150,000	97,792	247,792	2.25x
1994-1995	2,664,623	1,770,685	893,938	190,000	65,090	255,090	3.50x
1995-1996	3,529,784	1,778,177	1,751,607	195,000	59,200	254,200	6.89x
1996-1997	3,479,257	1,917,660	1,561,597	205,000	52,570	257,570	6.06x
1997-1998	3,382,994	1,873,558	1,509,436	210,000	45,190	255,190	5.91x
1998-1999	3,369,358	2,081,507	1,287,851	110,000	37,105	147,105	8.75x
1999-2000	*	*	*	*	*	*	*
2000-2001	*	*	*	*	*	*	*
2001-2002	*	*	*	*	*	*	*

(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 through 2002 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>
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%
2001-2002	26,307	18,417	39.9	2,909	5.2%

Sources:

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

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

(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, 2002**

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	2909
Teachers	224
Administrative personnel	32
Support personnel	252

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, 2002**

Police and Fire Protection:

Number of employees:	
Policemen	75
Firefighters	73
Number of fire stations	5

Utilities:

Water utility:	
Number of users	22,012
Annual consumption	2,620,000,000 Gallons
Distribution lines	473 Miles
Employees	51
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	36
Electric utility:	
Number of street lights	4,573
Number of city maintained traffic light intersections	10
Employees	66

**TABLE 14
CITY OF PADUCAH, KENTUCKY
PRINCIPAL TAXPAYERS
JANUARY 1, 2002**

<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	3.11%
Wal-Mart	Retailer	36,901,571	2.52%
AmeriSource	Drug wholesaler	19,987,875	1.37%
Alliant Foodservice, Inc.	Food wholesaler	17,725,575	1.21%
Drury Inns, Inc.	Motels	13,687,418	0.94%
NES Equipment Service Corp.	Healthcare	13,453,438	0.92%
Paducah Medical Investors	Healthcare	13,440,090	0.92%
Lowe's	Retailer	13,333,468	0.91%
Computer Services, Inc.	Bank data processor	12,728,139	0.87%
H. B. Fuller	Adhesive manufacturing	<u>10,771,209</u>	<u>0.74%</u>
TOTAL		<u><u>\$197,599,683</u></u>	<u><u>13.51%</u></u>

(1) Source - Property Valuation Administration; Assessed value as of January 1, 2002.

TABLE 15
CITY OF PADUCAH, KENTUCKY
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2002

	<u>Bonds/Loans Outstanding</u>	<u>Amount Available Debt Service Funds</u>	<u>Net Debt Outstanding</u>	(1) <u>Percentage Applicable to City of Paducah</u>
City of Paducah	<u>\$ 9,075,000</u>	<u>\$244,724</u>	<u>\$ 8,830,276</u>	<u>100.0%</u>
Paducah Independent School District	8,580,000	-	8,580,000	100.0%
McCracken County	6,530,000	-	6,530,000	48.1%
McCracken County Board of Education	<u>18,936,884</u>	<u>-</u>	<u>18,936,884</u>	23.9%
Overlapping Debt	<u>34,046,884</u>	<u>-</u>	<u>34,046,884</u>	
TOTALS	<u><u>\$43,121,884</u></u>	<u><u>\$244,724</u></u>	<u><u>\$42,877,160</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 FIREFIGHTERS' RETIREMENT FUND
REVENUE BY SOURCE
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>(1) Investment Income</u>	<u>Other</u>	<u>Total</u>
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
2001-2002	29,224	806,632	487,024	-	1,322,880

(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>
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
2001-2002	-	1,761,979	9,107	27,002	1,798,088

TABLE 18
CITY OF PADUCAH, KENTUCKY
SUMMARY OF INSURANCE IN FORCE
JUNE 30, 2002

<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-L01	\$ 2,000,000	7/1/01 - 7/1/02	\$119,279
Property	KMRMA	5429-P01	35,999,621	7/1/01 - 7/1/02	50,068
Commercial auto	KMRMA	5429-L01	2,000,000	7/1/01 - 7/1/02	194,922
Public officials liability	KMRMA	5429-L01	2,000,000	7/1/01 - 7/1/02	48,719
Law enforcement liability	KMRMA	5429-L01	2,000,000	7/1/01 - 7/1/02	69,903
Workers' compensation	KLC Workers' Comp. Trust	WC2001-1000376	2,000,000	7/1/01 - 7/1/02	316,021

CITY OF PADUCAH, KENTUCKY

SINGLE AUDIT SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2002

CITY OF PADUCAH, KENTUCKY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2002

<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	\$1,544,522
Community Development Block Grants/State's Program	14.228	B-97-DC-21-0001(047) 99-101	98,994
Passed-through Kentucky Housing Corporation:			
HOME Investment Partnerships Program	14.239	M-98-SG-2101-05-00 M-99-SG-2101-05-00 M-01-SG-2101-36-00 M-01-SG-2101-05-00	<u>401,684</u>
Total Department of Housing and Urban Development			<u>2,045,200</u>
Department of Justice:			
Local Law Enforcement Block Grants Program	16.592	1999-LB-VX-3172 2000-LB-VX-3172	207,961
Public Safety and Community Policing Grant	16.726	2001-LB-BX-1375	49,406
Byrne Formula Grant	16.579	98-UM-WX-2055 2000-DD-VX-0047	<u>4,466</u>
Total Department of Justice			<u>261,833</u>
Department of Agriculture:			
Passed-through Kentucky Department of Education:			
Summer Food Service Program for Children	10.559	N/A	<u>29,853</u>
U.S. Department of Transportation:			
Passed-through Kentucky Transportation Cabinet:			
Transportation Enhancement Project - Locomotive Project	20.205	C-99039093	13,493
Transportation Enhancement Project - Streetscape	20.205	N/A	<u>321,222</u>
Total Department of Transportation			<u>334,715</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$2,671,601</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, 2002

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, 2002, and have issued our report thereon dated September 12, 2002. 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 general purpose 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. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City of Paducah, Kentucky, in a separate letter dated September 12, 2002.

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, 2002

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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**

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, 2002. 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, 2002.

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, 2002

CITY OF PADUCAH, KENTUCKY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2002

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:

<u>Name</u>	<u>CFDA #</u>
Section 8 Housing Choice Vouchers	14.871
HOME Investment Partnerships Program	14.239
Transportation Enhancement Project - Locomotive Project and Streetscape	20.205

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