

CITY OF PIKEVILLE, KENTUCKY

FINANCIAL STATEMENTS

For the year ended June 30, 2008

Wallen and Cornett, PSC

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 1349

PIKEVILLE, KENTUCKY 41502

CITY OF PIKEVILLE, KENTUCKY
 COMBINED FINANCIAL STATEMENTS

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 June 30, 2008

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CITY OF PIKEVILLE, KENTUCKY

MUNICIPAL OFFICIALS

JUNE 30, 2008

	<u>Office</u>	<u>Name</u>	<u>Term</u>	
Elective	Mayor	Franklin D. Justice, II	01/01/2007	12/31/2010
	Commissioners	Eugene "Gene" Davis	01/01/2008	12/31/2010
		Dallas Layne	01/01/2008	12/31/2010
		Jimmy Carter	01/01/2008	12/31/2010
		Barry Chaney	01/01/2008	12/31/2010
Appointed	City Manager	Donovan Blackburn		
	Finance Director	Sue Varney		
	City Clerk	Rebecca Hamilton		
	City Attorney	Rusty R. Davis		

Management's Discussion and Analysis Financial Report

City of Pikeville

June 30, 2008

Our discussion and analysis of Pikeville's financial performance provides an overview of the city's financial activities for the fiscal year ending June 30, 2008. Please review in conjunction with the transmittal letter and the city's financial statements.

REVIEWING THE ANNUAL REPORT

The annual report covers multiple financial statements. The Statement of Net Assets and the Statement of Activities supply data about the activities of the city as a whole and provide information regarding the city's finances. For government activities, these statements provide long-term and short-term information about the city's overall status. Financial reporting is similar to that found in the private sector with its basis in full accrual accounting. Fund financial statements show city operations in more detail than government-wide statements, as they provide information about the city's most important funds.

FINANCIAL HIGHLIGHTS

Due to this year's operations, the city's net assets are as follows: Net assets of business-type activities were \$15,706.3 thousand and net assets of governmental activities were \$48,044.9 thousand.

- The current year's expense total was \$10,795.1 thousand as compared to the \$11,029.9 thousand generated in fees and charges, grants, general revenues, and taxes for governmental programs (before extraordinary items). In the previous year, expenses were \$9,802.4 thousand as compared to the \$11,158.5 thousand generated in tax and other revenues for governmental programs (before extraordinary items).
- For business-type activities, city revenues were \$7,286.3 thousand. Expenses were \$7,336.6 thousand.
- The annual cost of all city programs was \$18,131.8 thousand. The previous year's cost was \$16,707.9 thousand.

Management's Discussion and Analysis Financial Report

City of Pikeville

June 30, 2008

THE CITY AS A WHOLE ANALYSIS

Because the Statement of Net Assets and the Statement of Activities provide facts about the city as a whole, the statements can help determine if a city's financial condition has improved or deteriorated as a result of the year's activities. All assets and liabilities are included in the statements using the accrual basis of accounting. The accrual method is comparable to the accounting used by most private corporations. All current year revenues and expenses are included. It does not matter when cash is paid or received.

These statements give an account of the city's net assets and any changes in those assets. However, to truly judge the condition of the city, some non-financial factors, such as diversification of the taxpayer base or the condition of the city's infrastructure, must be considered in addition to the financial information provided in this report.

The Statement of Net Assets and the Statement of Activities divide the city into two types of activities:

- 1) **Governmental activities:** The city's basic services are accounted for in this section, including the police, fire, public works, parks departments and general administration. Property taxes, franchise fees, and state and federal grants finance the majority of these activities.

- 2) **Business-type activities:** These activities are reported in the fund financial statements and generally report services for which the city charges customers a fee. There are two kinds of Business-type activities. These are enterprise funds and internal service funds. Enterprise funds essentially encompass the same functions reported as Business-type activities in the government-wide statements. Services are provided to customers external to the city organization such as water utilities. Internal service funds provide services and charge fees to customers within the city organization such as fleet services (maintenance and repair of vehicles) and the print shop (mail and printing services for city departments). Because the city's internal service funds primarily serve governmental functions, they are included within the Governmental activities of the government-wide financial statements.

Management's Discussion and Analysis Financial Report

City of Pikeville

June 30, 2008

DETAILING THE MOST IMPORTANT FUNDS

The fund financial statements provide detailed information about the most important funds of the city. Certain funds are mandated by State law and by bond agreements. Other funds are established to manage money, meet legal requirements or for certain taxes or grants.

- **Government funds:** Basic services are reported in government funds. Government fund financial statements detail how money flows in and out of the funds and reports the balances left at year-end that are on hand for disbursement. Government funds are reported using an accounting method called modified accrual accounting. This method measures cash and financial assets that can easily be converted to cash. The governmental fund accountability focuses on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the next term.

Budgetary comparison statements are included in the basic financial statements for the general fund and major revenue fund. These statements and schedules demonstrate compliance within the city adopted and final revised budget.

- **Proprietary funds:** Proprietary funds are those the city charges for services it provides, both to city units and outside customers. Proprietary funds are reported in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets. The city's enterprise funds, a component of proprietary funds, are the same as the business-type activities we report in the government-wide statements, but they give more detailed information such as cash flow. Another component of proprietary funds are internal service funds. Internal service funds cover activities that provide supplies and services for city programs.

CITY SERVING AS TRUSTEE

Due to trust arrangements, the city is often accountable for assets that can only be used for trust beneficiaries. All of these trustee proceedings are detailed in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets, if required. Because the city cannot use these assets to finance its operations, these activities are not included in other financial statements. However, the city must be certain the assets detailed in these funds are used for their intended purposes.

NOTES TO FINANCIAL STATEMENTS

The notes provide additional information that is necessary for a full understanding of the data provided in the accompanying financial statements.

OTHER INFORMATION

In addition to the financial statements and notes, this report contains supplementary information and details of the accompanying financial statements.

Management's Discussion and Analysis Financial Report

City of Pikeville

June 30, 2008

Table 1

Net Assets

(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	Current	Previous	Current	Previous	Current	Previous
	Year	Year	Year	Year	Year	Year
Current and other Assets:	6958.8	6942.5	5828.4	5533.0	12787.2	12475.5
Capital Assets:	42596.4	42443.4	18638.8	19365.9	61235.2	61809.3
Total Assets	49555.2	49385.9	24467.2	24898.9	74022.4	74284.8
Long-term liabilities:	1115.0	997.4	8108.1	8782.0	9223.1	9779.4
Other liabilities:	395.4	270.0	786.9	802.6	1182.3	1072.6
Total Liabilities	1510.4	1267.4	8895.0	9584.6	10405.4	10852.0
Net Assets:						
Invested in Capital Assets, net of related debt:	41162.3	41288.6	9851.7	9870.2	51014.0	51158.8
Restricted:	1.5		2347.7	2299.2	2349.2	2299.2
Unrestricted (deficit):	6881.0	6829.9	3372.8	3144.9	10253.8	9974.8
Total Net Assets	48044.8	48118.5	15572.2	15314.3	63617.0	63432.8

CITY AS A WHOLE

The city's combined net assets from the previous year were \$63,432.7 thousand as compared to \$63,617.1 thousand this year. However, net assets and expenses from governmental and business-type activities must be reviewed separately. Table 1 focuses on the net assets and Table 2 focuses on changes in the net assets of the city's governmental and business-type activities.

The city's net assets for governmental activities were \$48,044.9 thousand this year as compared to \$48,118.5 last year. Unrestricted net assets were \$9,974.7 thousand last year as compared to \$10,253.9 thousand this year. Unrestricted net assets are those that can be used to finance every -day operations without restrictions set by legislation, debt covenants, or other legal regulations.

The net assets of the city's business-type activities were \$15,572.2 thousand this year as compared to \$15,314.2 thousand last year.

City revenues (excluding extraordinary items) for the current year were \$18,316.1 thousand as compared to \$17,594.2 thousand in the previous year. The total yearly cost of all programs and services was \$18,131.8 thousand as compared to \$16,707.9 thousand in the previous year.

Management's Discussion and Analysis Financial Report

City of Pikeville

June 30, 2008

Table 2
Changes in Net Assets
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenues						
Program Revenues Restricted						
Charges for Services	43.6	91.9	7,115.9	6,203.0	7,159.5	6,294.9
Restricted Operating Grants	830.3	1,929.6			830.3	1,929.6
Restricted Capital Grants	544.5	568.8			544.5	568.8
Restricted Other						
General Revenue						
Property Taxes	1,050.8	1,028.5			1,050.8	1,028.5
Other Taxes	7,186.3	6,596.2			7,186.3	6,596.2
Interest & Investment Income	211.9	254.0	165.7	207.4	377.6	461.4
Other General Revenues	1,150.4	689.5	4.7	5.2	1,155.1	694.7
Total Revenues	11,017.8	11,158.5	7,286.3	6,415.6	18,304.1	17,574.1
Program Expenses						
General Government	2,417.6	2,258.0			2,417.6	2,258.0
Public Safety	4,444.9	4,052.6			4,444.9	4,052.6
Public Works						
Culture & Recreation	525.4	538.0			525.4	538.0
Community Development						
Education						
Interest on Long-Term Debt	43.7	39.9			43.7	39.9
Business Activities						
Water &/or Sewer			3,270.2	3,382.8	3,270.2	3,382.8
Other Utilities			4,036.6	3,522.6	4,036.6	3,522.6
Parking Facilities	50.6	48.8			50.6	48.8
Other Expenses	3,378.7	2,945.9			3,378.7	2,945.9
Total Expenses	10,860.9	9,883.2	7,306.8	6,905.4	18,167.7	16,788.6
Excess (deficiency) Before						
Extraordinary Items & Transfers:	156.9	1,275.3	(20.5)	(489.8)	136.4	785.5
Extraordinary Items Transfers	0.0					
Increase (Decrease) in Net Assets	156.9	1,275.3	(20.5)	(489.8)	136.4	785.5

Management's Discussion and Analysis Financial Report

City of Pikeville

June 30, 2008

GOVERNMENTAL ACTIVITIES

This year's governmental activities revenues were \$11,017.8 thousand as compared to \$11,158.5 thousand last year. The year's governmental activities cost was \$10,860.9 thousand as compared to \$9,883.2 thousand in the previous year.

Table 3 details the cost of the city's major programs as well as each program's net cost (total cost less revenues generated by the program). The net cost indicates the financial burden that was shifted to the city's taxpayers by each of these programs.

Table 3
Governmental Activities
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	Current Year	Previous Year	Current Year	Previous Year
Police Department	1,704.8	1,652.0	1,704.8	1,652.0
Fire Department	1,892.0	1,817.2	1,892.0	1,817.2
Public Works				
Education				
Parks and Recreation	525.4	538.0	525.4	538.0
All others	6,938.6	5,579.1	6,938.6	5,579.1
Totals	<u>11,060.8</u>	<u>9,586.3</u>	<u>11,060.8</u>	<u>9,586.3</u>

BUSINESS-TYPE ACTIVITIES

This year's Business-type activities revenues (see Table 2) were \$7,286.3 thousand as compared to \$6,415.6 thousand last year. This year's expenses were \$7,306.8 thousand as compared to \$6,905.4 thousand in the previous year. These figures are somewhat due to these reasons:

GENERAL FUND BUDGETARY STATEMENTS

The City Council revisits the budget several times during the year. The current year's budgets focus on general funds, major funds and on availability of fund resources.

CITY FUNDS

At year end the city reported a government funds balance of \$63,617.1 thousand as compared to \$63,432.7 thousand in the previous year. These figures are somewhat due to these reasons:

Management's Discussion and Analysis Financial Report

City of Pikeville

June 30, 2008

CAPITAL ASSETS

Table 4
Capital Assets at Year-End
(Net of Depreciation, in Thousands)

	Governmental Activities		Business-type Activities		Totals	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Land	7,296.4	6,335.9	138.2	138.2	7,434.6	6,474.1
Buildings and Improvements	19,308.7	19,754.3			19,308.7	19,754.3
Equipment	1,529.6	1,420.0	366.3	340.8	1,895.8	1,760.8
Infrastructure	13,949.9	14,657.4	18,134.3	18,886.9	32,084.2	33,544.3
Other	511.9	275.8			511.9	275.8
Totals	42,596.4	42,443.4	18,638.8	19,365.9	61,235.2	61,809.2

At the close of the year, the city had invested \$61,235.2 thousand in capital assets such as land, buildings and improvements, equipment or infrastructure (see Table 4). \$61,809.2 thousand was invested in similar assets last year.

The current year's chief capital asset additions included:

Acquisition of the Garfield Community Center, and accounting software.

Table 5
Outstanding Debt at Year-End
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
General obligation bonds (backed by the city)	1,030.0	1,115.0			1,030.0	1,115.0
Revenue bonds and notes (backed by specific tax and fee revenues)			8,803.7	9,514.7	8,803.7	9,514.7
Other bonds or outstanding obligations	404.1	39.7			404.1	39.7
Totals	1,434.1	1,154.7	8,803.7	9,514.7	10,237.8	10,669.4

Management's Discussion and Analysis Financial Report

City of Pikeville

June 30, 2008

DEBT MANAGEMENT

At the close of the year, the city had \$10,237.8 thousand in outstanding bonds and notes as compared to \$10,669.4 thousand in the previous year (see table 5).

ECONOMIC ISSUES / UPCOMING YEARLY BUDGETS

City public officials considered many issues when establishing the upcoming year's budget, tax rates, and fees.

CONTACT INFORMATION

This report has been created to give our citizens, taxpayers, customers, investors and creditors a summary of city finances and to show how its revenues are used. If you have any questions regarding this report, or if you need additional financial information, please contact:

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of
City of Pikeville, Kentucky

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Pikeville, Kentucky as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Pikeville, Kentucky's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pikeville, Kentucky, as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion on pages 2 through 8, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

To the Board of Commissioners of
City of Pikeville, Kentucky

Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2008, on our consideration of the City of Pikeville, Kentucky internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

WALLEN AND CORNETT, P. S. C.

Wallen and Cornett, PSC

Certified Public Accountants
Pikeville, Kentucky

January 26, 2009

CITY OF PIKEVILLE, KENTUCKY

STATEMENT OF NET ASSETS

June 30, 2008

	Governmental Activities	Business Type	Total
ASSETS			
Cash	\$4,086,733	\$1,368,108	\$5,454,841
Certificates of Deposit and Savings	2,496,512	792,133	3,288,645
Receivables (Net of Allowance for Uncollectibles)			
Taxes	55,704	0	55,704
Accounts	50,320	541,930	592,250
Prepaid Expenses	269,524	89,393	358,917
Restricted Assets			
Cash	0	336,335	336,335
Certificates of Deposit	0	2,685,119	2,685,119
Other Receivables	0	15,400	15,400
Capital Assets, Net	42,596,447	18,638,794	61,235,241
TOTAL ASSETS	<u>\$49,555,240</u>	<u>\$24,467,212</u>	<u>\$74,022,452</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts Payable	\$10,238	\$12,581	\$22,819
Accrued Expenses	0	35,800	35,800
Current Portion of Long-Term Debt	319,139	678,960	998,099
Customer's Deposit	0	56,426	56,426
Deferred Revenue	46,879	0	46,879
Payable from Restricted Assets			
Matured Coupons Payable	15,117	3,105	18,222
Matured Bonds Payable	4,000	0	4,000
General Obligation Bonds Payable - Note B	940,000	0	940,000
Revenue Bonds Payable - Note B	0	4,460,986	4,460,986
Notes Payable - Note B	174,981	3,647,101	3,822,082
TOTAL LIABILITIES	<u>\$1,510,354</u>	<u>\$8,894,959</u>	<u>\$10,405,313</u>
NET ASSETS			
Investment in Capital Assets, Net of Related Debt	\$41,162,327	\$9,851,747	\$51,014,074
Restricted For:			
Reserve for Depreciation	0	662,791	662,791
Sinking Fund Reserve	0	1,239,516	1,239,516
Reserve For Operation and Maintenance	0	430,000	430,000
Reserved for Revenue Bond Retirement	0	15,400	15,400
Designated for Debt Service	1,475	0	1,475
Unrestricted	6,881,084	3,372,799	10,253,883
TOTAL NET ASSETS	<u>\$48,044,886</u>	<u>\$15,572,253</u>	<u>\$63,617,139</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$49,555,240</u>	<u>\$24,467,212</u>	<u>\$74,022,452</u>

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

CITY OF PIKEVILLE, KENTUCKY

STATEMENT OF ACTIVITIES

JUNE 30, 2008

Functions	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total
Primary Government							
Governmental Activities							
General Government	\$3,223,933	\$0	\$0	\$0	(\$3,223,933)		(\$3,223,933)
Public Safety	4,699,465	0	0	0	(4,699,465)		(4,699,465)
Streets	1,987,990	0	0	0	(1,987,990)		(1,987,990)
Parking Garage	50,631	0	0	0	(50,631)		(50,631)
Recreation	572,336	0	0	0	(572,336)		(572,336)
Lake Cleanup	107,854	0	0	0	(107,854)		(107,854)
Landscape	131,808	0	0	0	(131,808)		(131,808)
Other	21,119	0	0	0	(21,119)		(21,119)
Total Governmental Funds	\$10,795,136	\$0	\$0	\$0	(\$10,795,136)		(\$10,795,136)
Business-Type Activities							
Water	\$2,174,328	\$2,014,422	\$0	\$0	(\$159,906)		(\$159,906)
Sewer	1,095,839	1,022,376	0	0	(73,463)		(73,463)
Gas	2,440,331	2,180,281	0	0	(260,050)		(260,050)
Sanitation	966,083	1,035,040	0	0	68,957		68,957
Mossy Bottom Sewer	226,224	351,151	0	0	124,927		124,927
Other	433,840	512,615	0	0	78,775		78,775
Total Business-type Activities	\$7,336,645	\$7,115,885	\$0	\$0	(\$220,760)		(\$220,760)
Total Primary Government	\$18,131,781	\$7,115,885	\$0	\$0			
General Revenues - Detailed:							
Ad Valorem Taxes					\$1,050,846		\$1,050,846
Franchise Taxes					404,765		404,765
Occupational License Fees					6,452,706		6,452,706
Other Taxes					328,790		328,790
Permits and Fees					43,569		43,569
Intergovernmental Revenue					1,374,793		1,374,793
Other Grants					518,057		518,057
Interest Income					211,905	165,700	377,605
Other					632,325		632,325
Royalties					0	4,254	4,254
Gain on disposal of assets					12,148	452	12,600
Transfers					(308,377)	308,377	0
Total General Revenues, Contributions, Special Items, and Transfers					\$10,721,527	\$478,783	\$11,200,310
Change in Net Assets					(\$73,609)	\$258,023	\$184,414
Net Assets - Beginning					48,118,495	15,314,230	63,432,725
Net Assets - Ending					\$48,044,886	\$15,572,253	\$63,617,139

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

CITY OF PIKEVILLE, KENTUCKY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	General	Coal Severance	Other Government Funds	Total Governmental Funds
ASSETS				
Cash and Investments				
Cash	\$2,862,128	\$1,103,496	\$121,109	\$4,086,733
Certificates of Deposit and Savings	1,950,785	545,727	0	2,496,512
Receivables (Net of Allowance for Uncollectibles)				
Taxes	55,704	0	0	55,704
Accounts	50,320	0	0	50,320
Prepaid Expenses	269,524	0	0	269,524
TOTAL ASSETS	<u>\$5,188,461</u>	<u>\$1,649,223</u>	<u>\$121,109</u>	<u>\$6,958,793</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$10,238	\$0	\$0	\$10,238
Accrued Expenses	0	0	0	0
Customer's Deposit	0	0	0	0
Deferred Revenue	46,879	0	0	46,879
Payable from Restricted Assets				
Matured Coupons Payable	0	0	15,117	15,117
Matured Bonds Payable	0	0	4,000	4,000
TOTAL LIABILITIES	<u>\$57,117</u>	<u>\$0</u>	<u>\$19,117</u>	<u>\$76,234</u>
FUND BALANCES				
Designated for Debt Service	\$0	\$0	\$1,475	\$1,475
Undesignated	5,131,344	1,649,223	100,517	6,881,084
TOTAL FUND BALANCES	<u>\$5,131,344</u>	<u>\$1,649,223</u>	<u>\$101,992</u>	<u>\$6,882,559</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$5,188,461</u>	<u>\$1,649,223</u>	<u>\$121,109</u>	<u>\$6,958,793</u>

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

CITY OF PIKEVILLE, KENTUCKY

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2008

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$6,882,559
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the fund statements.	42,596,447
Long-Term Liabilities, including bonds payable, are not due and payable in the the current period and therefore are not reported in the funds.	(1,434,120)
Total Net Assets - Governmental Activities	<u>\$48,044,886</u>

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

CITY OF PIKEVILLE, KENTUCKY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2008

	General	Coal Severance	Other Funds	Totals
REVENUES				
Ad Valorem Taxes	\$1,050,846	\$0	\$0	\$1,050,846
Franchise Taxes	404,765	0	0	404,765
Occupational License Fees	6,452,706	0	0	6,452,706
Other Taxes	328,790	0	0	328,790
Permits and Fees	43,569	0	0	43,569
Intergovernmental Revenue	544,506	823,656	6,631	1,374,793
Other Grants	72,085	443,371	2,601	518,057
Interest Income	152,658	43,076	16,172	211,906
Other Revenue	610,775	0	21,550	632,325
Total Revenues	<u>\$9,660,700</u>	<u>\$1,310,103</u>	<u>\$46,954</u>	<u>\$11,017,757</u>
EXPENDITURES				
CURRENT				
General Government	\$2,370,938	\$46,666	\$10	\$2,417,614
Public Safety	4,434,912	0	9,997	4,444,909
Streets	1,025,685	0	0	1,025,685
Parking Garage	50,631	0	0	50,631
Recreation	525,429	0	0	525,429
Lake Cleanup	107,854	0	0	107,854
Landscape	131,808	0	0	131,808
Other	0	0	21,119	21,119
Capital Outlay	0	973,514	1,005,041	1,978,555
Debt Service				
Principal Retirement	7,175	20,480	85,000	112,655
Interest	2,195	6,779	34,720	43,694
Grants / Loan Advances	200,916	0	0	200,916
Total Expenditures	<u>\$8,857,543</u>	<u>\$1,047,439</u>	<u>\$1,155,887</u>	<u>\$11,060,869</u>
Excess of Revenues Over (Under) Expenditures	<u>\$803,157</u>	<u>\$262,664</u>	<u>(\$1,108,933)</u>	<u>(\$43,112)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Long-Term Debt	\$0	\$392,000	\$0	\$392,000
Proceeds from Sale of Fixed Assets	12,148	0	0	12,148
Operating Transfers In	3,167	4,591	296,855	304,613
Operating Transfers Out	(598,399)	(10,000)	(4,591)	(612,990)
Total Other Financing Sources (Uses)	<u>(\$583,084)</u>	<u>\$386,591</u>	<u>\$292,264</u>	<u>\$95,771</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)				
	\$220,073	\$649,255	(\$816,669)	\$52,659
FUND BALANCES - BEGINNING OF YEAR	4,911,271	999,968	918,661	6,829,900
FUND BALANCES-END OF YEAR	<u>\$5,131,344</u>	<u>\$1,649,223</u>	<u>\$101,992</u>	<u>\$6,882,559</u>

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

CITY OF PIKEVILLE, KENTUCKY

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

Net change in fund balances - total governmental funds.	\$	52,659
Amounts reported for the governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense.		1,975,797
The cost of capital assets is allocated over their useful lives and reported as depreciation expense.		(1,822,720)
Proceeds from Long-Term Debt		(392,000)
The repayment of debt principal is an expenditure of governmental funds, but the repayment reduces long-term debt in the statement of net assets.		112,655
Change in net assets of governmental activities	\$	<u>(73,609)</u>

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

CITY OF PIKEVILLE, KENTUCKY

FUND BALANCE SHEET
 PROPRIETARY FUNDS

June 30, 2008

	Water Fund	Sewer Fund	Gas Fund	Sanitation Fund	Mossy Bottom	Other Funds	Total
ASSETS							
Cash	\$240,990	\$226,121	\$329,138	\$434,624	\$91,128	\$46,107	\$1,368,108
Certificates Of Deposit			571,539	180,716	39,878	0	792,133
Customer's Accounts Receivable	231,267	90,017	112,971	57,735	5,272	44,668	541,930
Prepaid Expenses	10,204	16,920	16,241	39,244	0	6,784	89,393
Due From Other Funds	0	0	0	0	0	0	0
Property, Plant and Equipment	8,765,842	6,914,696	692,535	246,948	1,261,514	757,259	18,638,794
Restricted Assets:							
Cash	97,806	68,795	14,504	0	0	155,230	336,335
Certificates of Deposit	1,125,036	1,459,626	0	0	0	100,457	2,685,119
Other Receivables	0	15,400	0	0	0	0	15,400
TOTAL ASSETS	\$10,471,145	\$8,791,575	\$1,736,928	\$959,267	\$1,397,792	\$1,110,505	\$24,467,212
LIABILITIES AND NET ASSETS							
LIABILITIES							
Accounts Payable	\$10,768	\$0	\$1,813	\$0	\$0	\$0	\$12,581
Accrued Expenses	13,984	0	0	0	3,515	18,301	35,800
Current Portion of Long-Term Debt	342,582	241,913	0	0	83,521	10,944	678,960
Customer's Deposits	0	0	0	0	0	56,426	56,426
Notes Payable	725,913	1,793,811	0	0	1,127,377	0	3,647,101
Bonds Payable (Note B)	3,701,347	0	0	0	0	759,639	4,460,986
Restricted Liabilities:							
Matured Bonds Payable	0	0	0	0	0	0	0
Matured Coupons Payable	0	0	3,105	0	0	0	3,105
Total Liabilities	\$4,794,594	\$2,035,724	\$4,918	\$0	\$1,214,413	\$845,310	\$8,894,959
NET ASSETS							
Invested in capital Assets, net of related debt	\$3,996,000	\$4,878,972	\$692,535	246,948	50,616	(\$13,324)	\$9,851,747
Reserve for Depreciation	455,893	190,531	0	0	0	16,367	662,791
Sinking Fund Reserve	763,261	314,000	3,105	0	159,150	0	1,239,516
Reserve for Operation and Maintenance	0	430,000	0	0	0	0	430,000
Reserve for Revenue Bond Retirement, et al	0	15,400	0	0	0	0	15,400
Unreserved	461,397	926,948	1,036,370	712,319	(26,387)	262,152	3,372,799
Total Net Assets	\$5,676,551	\$6,755,851	\$1,732,010	\$959,267	\$183,379	\$265,195	\$15,572,253
TOTAL LIABILITIES AND NET ASSETS	\$10,471,145	\$8,791,575	\$1,736,928	\$959,267	\$1,397,792	\$1,110,505	\$24,467,212

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

CITY OF PIKEVILLE, KENTUCKY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS

For The Fiscal Year Ended June 30, 2008

	Water	Sewer	Gas	Sanitation	Mossy Bottom	Other Funds	TOTALS
OPERATING REVENUES	\$2,014,422	\$1,022,376	\$2,180,281	\$1,035,040	\$351,151	\$512,615	\$7,115,885
OPERATING EXPENSES							
Personnel Costs	\$15,141	\$11,018	\$42,756	\$36,617	\$0	\$23,365	\$128,897
Gas Purchased	0	0	1,839,302	0	0	0	1,839,302
Contractual Services	1,419,770	639,926	432,211	499,625	5,019	28,804	3,025,355
Dumping Fees	0	0	0	280,493	0	0	280,493
Repairs and Maintenance	23,566	46,065	16,917	4,044	149,283	8,724	248,599
Operational	66,955	42,348	32,658	79,631	11,838	308,840	542,270
Bad Debts	1,382	4,928	6,117	2,347	1,346	528	16,648
Depreciation	407,355	306,808	70,370	60,697	33,052	26,716	904,998
Total Operating Expenses	\$1,934,169	\$1,051,093	\$2,440,331	\$963,454	\$200,538	\$396,977	\$6,986,562
Operating Income (Loss)	\$80,253	(\$28,717)	(\$260,050)	\$71,586	\$150,613	\$115,638	\$129,323
NONOPERATING INCOME (EXPENSES)							
Royalties	\$0	\$0	\$4,254	\$0	\$0	\$0	\$4,254
Interest Income	52,420	63,651	27,808	17,394	960	3,467	165,700
Interest Expense	(240,159)	(44,746)	0	(2,629)	(25,686)	(36,863)	(350,083)
Premium (Discount) on Debt Restructuring	0	0	0	0	0	0	0
Gain (Loss) on Disposition of Fixed Assets	0	0	0	452	0	0	452
Grant	0	0	0	0	0	0	0
Total Nonoperating Income (Expense)	(\$187,739)	\$18,905	\$32,062	\$15,217	(\$24,726)	(\$33,396)	(\$179,677)
NET INCOME (LOSS)(Before Transfers)	(\$107,486)	(\$9,812)	(\$227,988)	\$86,803	\$125,887	\$82,242	(\$50,354)
TRANSFERS							
Operating Transfers In	\$50,000	\$224,299	\$0	\$0	25,000	\$35,000	\$334,299
Operating Transfers (Out)	(22,755)	(3,167)	0	0	0	0	(25,922)
Total Transfers	\$27,245	221,132	\$0	\$0	\$25,000	\$35,000	\$308,377
NET INCOME (LOSS)	(\$80,241)	\$211,320	(\$227,988)	\$86,803	\$150,887	\$117,242	\$258,023
NET ASSETS - BEGINNING OF YEAR	\$5,756,792	\$6,544,531	\$1,959,998	\$872,464	\$32,492	\$147,953	\$15,314,230
NET ASSETS - END OF YEAR	\$5,676,551	\$6,755,851	\$1,732,010	\$959,267	\$183,379	\$265,195	\$15,572,253

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

CITY OF PIKEVILLE, KENTUCKY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
June 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

	Water Fund	Sewer Fund	Gas Fund	Sanitation Fund	Mossy Bottom	Other Funds	TOTALS
Cash Received from Customers	\$1,925,805	\$989,236	\$2,132,997	\$1,035,777	314,017	\$1,035,777	7,433,609
Cash Received from Other Operating Revenues	75,125	16,868	21,020	7,945	19,799	27,368	168,125
Miscellaneous Revenues	0	0	0	0	0	0	0
Cash Payments for Personnel Costs	(15,141)	(11,018)	(42,756)	(36,617)	0	(36,617)	(142,149)
Cash Payments for Gas Purchases	0	0	(1,839,302)	(499,625)	(5,019)	(504,260)	(1,839,302)
Cash Payments for Contractual Services	(1,419,770)	(639,926)	(432,211)	(370,964)	(162,236)	(370,964)	(3,500,811)
Cash Payments for Other Operating Expenses	(97,334)	(89,333)	(48,618)	0	0	0	(1,139,452)
Net Cash Provided by Operating Activities	\$468,685	\$265,827	(\$208,870)	\$136,516	\$166,558	\$151,304	\$980,020

Cash Flows from Non-Capital Financing Activities

Proceeds from Asset Dispositions	\$0	\$0	\$0	\$452	\$0	\$452	\$904
Operating Transfers In	50,000	224,299	0	0	25,000	0	299,299
Operating Transfers (Out)	(22,755)	(3,167)	0	0	0	0	(25,922)
Increase in Restricted Other Receivables	6,654	5,510	0	0	0	0	12,164
Other	0	0	0	0	0	0	0
Net Cash Flows from Non-Capital Financing Activities	\$33,899	\$226,642	\$0	\$452	\$25,000	\$452	\$286,445

Cash Flows from Capital Financing Activities

Interest Expense	(\$237,982)	(\$44,746)	\$0	(\$2,629)	(\$22,171)	(\$2,629)	(\$310,157)
Purchase of Fixed Assets	(31,543)	(16,615)	(29,765)	(86,475)	(6,768)	(86,475)	(257,641)
Premium (Discount) on Debt Restructuring	0	0	0	0	0	0	0
Maturing Coupons & Bonds	0	0	0	0	0	0	0
Retirement of Principal	(264,979)	(355,597)	0	0	(77,089)	0	(697,665)
Net Cash Flows from Capital Financing Activities	(\$534,504)	(\$416,958)	(\$29,765)	(\$89,104)	(\$106,028)	(\$89,104)	(\$1,265,463)

Cash Flows from Investing Activities

Proceeds from Long-Term Debt	\$0	\$0	\$0	\$0	0	\$0	\$0
Discount on Sale of Bonds	0	0	0	0	0	0	0
Royalties	0	0	4,254	0	0	0	4,254
Interest Income	52,420	63,651	27,808	17,394	960	18,442	180,675
Net Cash Flows from Investing Activities	\$52,420	\$63,651	\$32,062	\$17,394	\$960	\$18,442	\$184,929
Net Increase (Decrease) in Cash and Cash Equivalents	\$20,500	\$139,162	(\$205,573)	\$65,258	\$86,490	\$81,094	\$165,931
Cash and Cash Equivalents at Beginning of Year	1,443,332	1,615,380	1,121,754	550,082	4,638	646,692	5,381,878
Cash and Cash Equivalents at End of Year	\$1,463,832	\$1,754,542	\$915,181	\$615,340	\$91,128	\$727,786	\$5,567,809

RECONCILIATION OF INCOME (LOSS) FROM OPERATING ACTIVITIES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Income (Loss) from Operations	\$80,253	(\$28,717)	(\$260,050)	\$71,586	\$150,613	\$82,704	\$96,389
Adjustments to Reconcile Income From Operations to Net Cash Provided by Operating Activities:							
Depreciation and Amortization	407,355	306,808	70,370	60,697	33,052	60,697	938,979
(Increase) Decrease in Customer Accounts Receivable	(12,110)	(11,344)	(18,217)	11,029	(17,335)	11,029	(36,948)
(Increase) Decrease in Prepaid Expenses	1,696	(920)	(1,950)	(5,705)	228	(5,705)	(12,336)
(Increase) Decrease in Due From Other Funds	0	0	0	(1,091)	0	(1,091)	(2,182)
Increase (Decrease) in Accounts Payable	(8,509)	0	957	0	0	0	(7,552)
Increase (Decrease) in Accrued Expenses	0	0	0	0	0	0	0
Increase (Decrease) in Due To Other Funds	0	0	0	0	0	0	0
Increase (Decrease) in Customer Deposits	0	0	0	0	0	0	0
Net Cash Provided by Operating Activities	\$468,685	\$265,827	(\$208,870)	\$136,516	\$166,558	\$151,304	\$980,020

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

CITY OF PIKEVILLE, KENTUCKY

FIDUCIARY FUND - AGENCY
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2008

ASSETS

Cash	\$44,410
Certificates of Deposits \ Savings	278,943
TOTAL ASSETS	<u>\$323,353</u>

LIABILITIES AND FUND BALANCE

Accrued Liabilities	\$44,410
TOTAL LIABILITIES	<u>\$44,410</u>

NET ASSETS UNRESERVED - UNDESIGNATED

278,943

TOTAL LIABILITIES AND FUND BALANCE

\$323,353

The accompanying notes are an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Pikeville, Kentucky (City) operates under a Council-Manager form of government with four commissioners and a mayor. The mayor serves a five year term and the commissioners serve a two year term.

The City provides the following services as authorized by its charter: public safety (police and fire), highway and streets, water, sewer, gas, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Proprietary funds apply Financial Accounting Standards Boards (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The more significant of the City's accounting policies are described below.

1 - Related Organizations

The accounts of the related entities listed below are not included because these entities are autonomous agencies operating independently from the City. Their elected or appointed board contracts independently for audits of their financial statements.

- a) Pikeville Independent School Board,
- b) Pikeville Housing Authority,
- c) Pikeville/Pike County Public Library,
- d) Industrial Development and Economic Authority (IDEA)
- e) The Main Street Program
- f) Historic Preservation Board
- g) Tourism Commission
- h) Swim Team Board
- i) Park Board
- j) Pikeville/Pike County/Elkhorn City Joint Planning Commission
- k) Big Sandy Heritage Center

2 - Government-Wide and Fund Financial Statements

a) Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities. The primary governments are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2 – Government-Wide and Fund Financial Statements (concluded)

b) Fund Financial Statements

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

3. Measurement Focus, Basis of Accounting, and financial statement Presentation

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments. Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property taxes, franchise taxes (fees), and hotel/motel taxes. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4 - Fund Types and Major Funds

The City reports the following major funds:

a) *Governmental Funds*

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

Projects Control - are used to account for the construction of major capital facilities (other than those financed by proprietary funds). Principal sources of revenue are grants, City funding, and municipal long-term debt proceeds and interest income.

Downtown Utility Relocation - is used to account for the relocation of electric, telephone, and television cabling to under ground conduits. Principal sources of revenue are grants, City funding, and interest income.

Parking Garage - is being used to account for the construction of a parking garage. Principal sources of revenue are grants, City funding, and interest income.

b) *Proprietary Funds*

The City reports the following major enterprise funds:

Water - accounts for the operating activities of the City's water utilities service.

Sewer - accounts for the operating activities of the City's sewer utilities service.

Gas - accounts for the operating activities of the City's natural gas utilities service.

Sanitation - accounts for the operating activities of the City's garbage collection service.

Sandy Valley Water - accounts for the operating activities of the City's Sandy Valley water utilities service assumed from the Sandy Valley Water District in the fiscal year ended June 30, 2007.

Mossy Bottom Sewer - accounts for the operating activities of the City's Mossy Bottom sewer utilities service assumed from the Mountain Water District during the fiscal year ended June 30, 2007.

c) *Other Fund Types*

The City also reports the following fund type:

Agency - report fiduciary resources held by the City in a custodial capacity as an agent on behalf of others. The City's agency fund is used to account for various deposits.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5 - Fixed Assets

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective fund financial statements. Donated assets are stated at fair value on the date donated. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

The City has complied with GASB 34 and included certain infrastructure assets in the government-wide financial statements. A listing of streets and their respective length, in feet, were provided by the city engineer with an estimated replacement cost per foot. The weighted-average age of the streets were used to determine the date in which to book the streets. The replacement cost per foot was discounted back to that date and applied to the Accumulated depreciation is calculated from that date to present. Also, the City's bridges were booked using same method on a "per square foot" basis.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) 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 increase (revenues) and decrease (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary 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:

Utility plant	40 years
Machinery and Equipment	5-10 years

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6 - Budgets and Budgetary Accounting

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

- a) In accordance with the City Charter, prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with actual for the current year and prior year budget. The City Charter requires that the budget be submitted in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level.
- b) Public hearings are conducted to obtain taxpayer comment.
- c) Prior to June 30, the budget is to be legally enacted through passage of an ordinance.
- d) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund, and Enterprise Funds.
- e) Budgets for the General, Debt Service, Special Revenue Funds, and Enterprise Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- f) Budgetary data for the Capital Project Funds has not been presented in the accompanying combined and combining financial statements as such funds are budgeted over the life of the respective project and not on an annual basis.
- g) Appropriations lapse at the end of each fiscal year.
- h) The City Council may authorize supplemental appropriations during the year.

7 - Investments Policy

With prior approval of the Mayor and City Commission the Finance Director may invest in obligations of the United States and its agencies and instrumentality.

Without prior approval of the Mayor and City Commission the Finance Director may invest in certificates of deposit issued by or other-interest bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations permitted by section 41.240(4) of the Kentucky Revised Statutes.

For the current fiscal year the City invested only in certificates of deposit and savings accounts. Investments are stated at cost or amortized cost approximates market.

8 - Restricted Assets

These assets consist of cash and short-term investments restricted for debt service.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9 - Reserves

The City records reserves to indicate that a portion of the retained earnings and fund balance is legally segregated for a specific future use. Following is a description of each reserve used by the City and a list of all reserves:

Reserve for Debt Service - An account used to segregate a portion of fund balance for debt service resources restricted to accumulate to the maximum amount of principal and interest that will become due in any subsequent twelve-month period per the bond covenants.

Reserve for Operation and Maintenance - An account used to segregate a portion of fund balance restricted for operating and maintaining the system. The reserve reflects amounts accumulated to a balance specified in the bond covenant.

Reserve for Sinking Fund - An account used to segregate a portion of fund balance for debt service resources restricted to the payment of long-term debt principal and interest amounts maturing in future years when sufficient amounts are not reserved in bond debt service accounts.

Reserve for depreciation - An account used to segregate a portion of fund balance for amortization of capital expenditures as required per bond covenant.

Reserve for Prior Sinking Fund - Per Bond ordinance for "City of Pikeville Water and Sewer System Revenue Bonds, Series 2007." Amount transferred from the revenue fund and deposited as required by prior bond ordinance.

CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)9 – Reserves (Concluded)

	<u>2008</u>	<u>2007</u>
<u>A) Water-Sewer Fund</u>		
Reserve for Revenue Bond Retirement:		
1988 Issue	\$ 0	\$ 6,654
1988 Issue	0	5,510
1993 KIA	15,400	15,400
Total Reserves for Debt Service	<u>\$ 15,400</u>	<u>\$ 27,564</u>
Reserve for Sinking Fund		
1988 Issue	<u>\$ 763,261</u>	<u>\$ 726,960</u>
Reserve for Depreciation		
1988/1985 Issue	\$ 411,000	\$ 411,000
1993 KIA	44,893	44,893
Total Reserves for Depreciation	<u>\$ 455,893</u>	<u>\$ 455,893</u>
<u>B) Gas Fund</u>		
Reserve for Sinking Fund 1976 Issue	<u>\$ 3,105</u>	<u>\$ 3,105</u>
Total Reserves for Debt Service	<u>\$ 3,105</u>	<u>\$ 3,105</u>
<u>C) Sewer Fund</u>		
Reserve for Operations and Maintenance		
1995 Sewer Extension	<u>\$ 430,000</u>	<u>\$ 430,000</u>
Reserve for Sinking Fund		
1992 KIA	<u>\$ 314,000</u>	<u>\$ 314,000</u>
Reserve for Depreciation		
Thompson Road Sewer	\$ 30,570	\$ 30,570
1992 Issue	159,961	159,961
1993 KIA	0	0
Total Depreciation Reserves	<u>\$ 190,531</u>	<u>\$ 190,531</u>
<u>D) Sandy Valley</u>		
Reserve for Depreciation		
2007 Series	<u>\$ 16,367</u>	<u>\$ 11,375</u>
<u>E) Mossy Bottom</u>		
Reserve for Sinking Fund		
KIA Loan # A95-16	\$ 129,150	\$ 114,800
KIA Loan # A00-03	30,000	25,000
Total Reserve for Sinking Fund B23	<u>\$ 159,150</u>	<u>\$ 139,800</u>

NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2008

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10 - Revenue Recognition - Property Taxes

The City's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for both real and personal property located in the City. The City adopts the county assessment of property situated within the city limits, for both real and personal property. The assessed value of the roll, upon which the levy for 2008 fiscal year was based, was \$390,489,441 real and \$72,927,569 tangible.

The tax rates assessed for the year ended June 30, 2008 were \$.175 per \$100 valuation for real estate and \$.175 per \$100 valuation for tangible personal property.

Taxes are due on October 1 and become delinquent by February 1 following the October 1 levy date. Current tax collections for the year ended June 30, 2008 were 97.84% of the tax levy. Property taxes on vehicles are assessed at January 1, and are billed when the vehicle is licensed. These funds are collected by the Pike County Court Clerk and remitted to the City. These amounts were not used in computing the above percentage.

All property tax revenues are recognized and recorded when they become measurable and available. Available means due, or past due and receivable within the current period and collected no longer than sixty days after the close of the current period.

Property taxes receivable as of June 30, 2008 and 2007 are composed of the following:

<u>Year of Levy</u>	<u>2008 Amount</u>	<u>2007 Amount</u>
2007	\$ 17,009	\$ 0
2006	10,181	17,878
2005	9,724	10,411
2004	9,404	10,530
2003	8,446	8,997
2002	6,687	7,201
2001	4,582	5,323
2000	8,232	8,477
1999	6,589	7,248
1998	7,038	7,698
1997	9,315	9,380
1996	9,510	9,548
1995	10,787	10,787
1994	14,460	14,460
1993	9,483	9,483
1992	9,129	9,129
1991	0	6,761
	<u>\$ 150,576</u>	<u>\$ 153,311</u>
Less: Allowance for doubtful accounts	100,256	101,915
Net Property Taxes Receivable	<u>\$ 50,320</u>	<u>\$ 51,396</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)11 - Receivables - Proprietary Funds

Receivables are recorded at net realizable value. Net realizable value is equal to gross receivables less an allowance for uncollectable accounts.

2008	Gas	Water	Sewer	Sani- tation	Sandy Valley	Mossy Bottom	TOTAL
Total Accounts Receivable	\$ 117,968	\$ 241,497	\$ 93,999	\$ 60,289	\$ 46,630	\$ 41,642	\$ 602,025
Less: Allowance for Doubtfull Accounts	4,997	10,230	2,554	3,982	1,962	1,764	25,489
Net Receivables	<u>\$ 112,971</u>	<u>\$ 231,267</u>	<u>\$ 91,445</u>	<u>\$ 56,307</u>	<u>\$ 44,668</u>	<u>\$ 39,878</u>	<u>\$ 576,536</u>
2007	Gas	Water	Sewer	Sani- tation	Sandy Valley	Mossy Bottom	TOTAL
Total Accounts Receivable	\$ 100,893	\$ 233,357	\$ 83,770	\$ 73,219	\$ 40,161	\$ 24,004	\$ 555,404
Less: Allowance for Doubtfull Accounts	6,139	14,200	4,455	5,097	2,444	1,461	33,796
Net Receivables	<u>\$ 94,754</u>	<u>\$ 219,157</u>	<u>\$ 79,315</u>	<u>\$ 68,122</u>	<u>\$ 37,717</u>	<u>\$ 22,543</u>	<u>\$ 521,608</u>

12 - Compensated Absences

City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is entitled to receive accrued vacation but not accrued sick leave. Accumulated vacation pay at June 30, 2008 and 2007, respectively was \$71,631 and \$34,379.

13 - Statement of Cash Flows

For purposes of the Statement of Cash Flows; the Gas Fund, Water and Sewer Fund, and the Sanitation Fund; all highly liquid investments (including restricted assets) were considered to be cash equivalents. Highly liquid investments are defined as investments that (a) are readily convertible to known amounts of cash and/or (b) are near to their maturity that they present insignificant risk of changes in value because of changes in interest rates.

14- Utility Deposits

The City requires a deposit be made before services will be provided for those customers who are tenants. Those deposits are for gas (\$75.00) and water (\$25.00). When the customer has services disconnected the deposit plus interest accrued is applied to their last bill and the remainder being refunded. Interest is accrued at the rate of 6.0 % per annually.

15 - Prepaid Expenses

Certain payments to vendors reflects costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2008

NOTE B - LONG-TERM DEBT

The following is a summary of bonds and notes payable of the City for the year ended June 30, 2008.

CHANGES IN LONG-TERM DEBT:

<u>DESCRIPTION</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Obligation Bonds	\$ 1,115,000	\$ 0	\$ 85,000	\$ 1,030,000
Revenue Bonds	4,834,527	0	173,944	4,660,583
Less: Discount	-19,080	0	-2,427	-16,653
N/P - KIA A 90-06	943,602	0	180,189	763,413
N/P - KIA - B 291-08	325,401	0	50,406	274,995
N/P - KIA - C 92-04	160,000	0	25,000	135,000
N/P - KIA - B 93-05	253,819	0	32,010	221,809
N/P - KIA - A 94-20	1,023,901	0	108,398	915,503
N/P - USDA - Rural Development - 91-06	630,500	0	9,000	621,500
N/P - KIA Fund C88-43	45,000	0	45,000	0
N/P - KIA Fund C88-44	10,000	0	10,000	0
N/P - KIA Fund A95-16	280,770	0	22,788	257,982
N/P - KIA Fund A00-03	848,416	0	51,700	796,716
N/P - KIA Fund 92-12	158,800	0	2,600	156,200
N/P - Citizens National Bank	39,775	0	7,175	32,600
N/P - Community Trust Bank	0	300,000	0	300,000
C/L - John Deere	0	90,000	18,480	71,520
Total	<u>\$ 10,650,431</u>	<u>\$ 390,000</u>	<u>\$ 819,263</u>	<u>\$ 10,221,168</u>

N/P = Note Payable CL = Capitalized Lease

CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE B - LONG-TERM DEBT (Continued)

Bonds and notes payable as of June 30, 2008 are comprised of the following:

<u>General Obligation Bonds</u>	
\$1,440,000 Series 2003 maturing through 2018, with interest at 3.100% Maturing in June 2018	\$ 1,030,000
Total General Obligation Bonds	<u>\$ 1,030,000</u>
<u>Revenue Bonds</u>	
Bank of New York Trust Company, N. A. - Refunding of \$3,354,000 1985 Series A Revenue Bonds maturing through 2025, with interest at 5%	\$ 2,240,000
\$2,285,000 Series 1998 Refunding Revenue Bonds maturing through 2021, with interest at 4.705% (Estimated average rate over maturity of bonds)	1,650,000
\$781,527 Water and Sewer System Revenue Bonds, Series 2007 maturing through June 1, 2040, with interest at 4.75%	770,583
Total Revenue Bonds	\$ 4,660,583
Less: Discounts	16,653
Net Revenue Bonds Payable	<u>\$ 4,643,930</u>
Total Bonds Payable	<u>\$ 5,673,930</u>

Notes Payable and Capital Leases

KENTUCKY INFRASTRUCTURE AUTHORITY - \$1,251,660 1988 through 2008, with interest at 4.0% - 4.375%.

The loan was restructured in the fiscal year ended June 30, 2005. Debt service reserve was applied to principal balance. Interest after restructure are 2.250% to 4.040% with the last payment due June 1, 2008.

\$ 0

KENTUCKY INFRASTRUCTURE AUTHORITY - \$234,208 1988 through 2008, with interest at 4.0% - 4.375%.

The loan was restructured in the fiscal year ended June 30, 2005. Debt service reserve was applied to principal balance. Interest after restructure are 2.250% to 4.040% with the last payment due June 1, 2008.

0

KENTUCKY INFRASTRUCTURE AUTHORITY (NOTE O) - This note is for the construction of additions to the City's wastewater treatment plant. The note will be repaid at an interest rate of 2.3% in semi-annual installments starting December 1, 1992, and the last payment being on June 1, 2012.

763,413

KENTUCKY INFRASTRUCTURE AUTHORITY - This note is for the construction of additions to the City's water distribution system, these include the Yorktown extension, Cedar Gap water tank and Island Creek tie. The note will be repaid at an average interest rate of 4.643% in semi-annual installments starting April 1, 1993, and the last payment being on June 1, 2013.

The loan was restructured in the fiscal year ended June 30, 2005. Debt service reserve was applied to principal balance. Interest after restructure are 2.250% to 5.190% with last payment due June 2, 2013.

135,000

KENTUCKY INFRASTRUCTURE AUTHORITY - This note is for the construction of additions to the City's water distribution system, these include the Yorktown extension, Cedar Gap water tank and Island Creek tie. The note will be repaid at an interest rate of 2.9% in semi-annual installments starting December 1, 1993, and the last payment being on June 1, 2013.

274,995

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE B - LONG-TERM DEBT (Continued)

KENTUCKY INFRASTRUCTURE AUTHORITY - This note is for the construction of additions to the City's water distribution and sewer system, this includes the Thompson Road Sewer Extension. The note will be repaid at an interest rate of 1.7% in annual installments starting December 1, 1995 and the last payment being on December 1, 2014.	221,809
KENTUCKY INFRASTRUCTURE AUTHORITY - This note is for the construction of additions to the City's sewer system. The note will be repaid at an interest rate of 1.2% in annual installments starting December 1, 1996, and the last payment being on June 1, 2016. Total loan amount is \$2,114,295 with \$557,228 being drawn down in the fiscal year ending June 30, 1997.	915,503
USDA - RURAL DEVELOPMENT - Loan for water system improvements. The loan is for a term of 40 years, with annual installments of \$36,301., at an interest rate of 4.50%, with the last installment due in 2041.	621,500
KENTUCKY INFRASTRUCTURE AUTHORITY - This loan was assumed from the Mountain Water District when the City assumed operation of the Mossy Bottom Sewage System. The loan is for a term of 11.5 years, with Semi annual installments of \$13,182.19, at an interest rate of 1.30%, with the last installment due in December 2018.	257,982
KENTUCKY INFRASTRUCTURE AUTHORITY - This loan was assumed from the Mountain Water District when the City assumed operation of the Mossy Bottom Sewage System. The loan is for a term of 14.5 years, with Semi annual installments of \$33,370.22, at an interest rate of 1.80%, with the last installment due in December 2021.	796,716
USDA - RURAL DEVELOPMENT - This loan was assumed from the Mountain Water District when the City assumed operation of the Mossy Bottom Sewage System. The loan is for a term of 31.5 years, with semi annual installments of \$2,600. plus interest, at an interest rate of 4.50%, with the last installment due in January 2038.	156,200
CITIZENS NATIONAL BANK (formerly Kentucky National Bank) - This loan was for the construction of locker rooms at the Hambley Athletic Complex. It is secured with a mortgage on the locker room building. The Loan is for a term of twelve years, with a monthly installment of \$780.83, at an interest rate of 6.00%, with the last payment being due on June 6, 2012.	32,600
COMMUNITY TRUST BANK - This loan was for the improvements of Bob Amos Park. The Loan is for a term of two years, with two balloon installments of \$150,000.00, and monthly interest payments at an interest rate of 5.00%, with the last payment being due on June 9, 2010.	300,000
JOHN DEERE - Lease of a 450J Crawler Dozer. Payments of \$3,200.00 per month. The lease had a term of 32 months at an interest rate of 7.95%. This Lease was converted to a purchase and paid off in July 2008.	71,520
Total	\$ 10,221,167

NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2008

NOTE B - LONG-TERM DEBT (Continued)
CURRENT MATURITIES

The maturities of the Bonds Payable are as follows:

Principal Portion

	General Obligatio Bonds	Revenue Bonds				TOTAL
		Water	Sewer	Gas	Sandy Valley	
2009	\$ 90,000	\$ 172,000	\$ 0	\$ 0	\$ 10,944	\$ 272,944
2010	90,000	181,000	0	0	12,141	283,141
2011	95,000	191,000	0	0	12,141	298,141
2012	100,000	206,000	0	0	12,768	318,768
2013	100,000	216,000	0	0	13,395	329,395
2014-2018	555,000	1,272,000	0	0	77,862	1,904,862
2019-2023	0	1,285,000	0	0	98,097	1,383,097
2024-2028	0	367,000	0	0	124,317	491,317
2029-2033	0	0	0	0	156,921	156,921
2034-2038	0	0	0	0	200,583	200,583
2039-2043	0	0	0	0	51,414	51,414
Total	<u>\$ 1,030,000</u>	<u>\$ 3,890,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 770,583</u>	<u>\$ 5,690,583</u>

Interest Portion

	General Obligation Bonds	Revenue Bonds				Total
		Water	Sewer	Gas	Sandy Valley	
2009	\$ 32,085	\$ 191,010	\$ 0	\$ 0	\$ 36,603	\$ 259,698
2010	29,295	182,792	0	0	36,083	248,170
2011	26,505	174,148	0	0	35,506	236,159
2012	23,560	164,930	0	0	34,929	223,419
2013	20,460	154,998	0	0	34,323	209,781
2014-2018	53,165	605,187	0	0	161,386	819,738
2019-2023	0	265,365	0	0	141,061	406,426
2024-2028	0	27,700	0	0	115,388	143,088
2029-2033	0	0	0	0	82,885	82,885
2034-2038	0	0	0	0	41,755	41,755
2039-2043	0	0	0	0	2,705	2,705
Total	<u>\$ 185,070</u>	<u>\$ 1,766,130</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 722,624</u>	<u>\$ 2,673,824</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE B - LONG-TERM DEBT (Concluded)
CURRENT MATURITIES

The maturities of the Notes Payable and Capital Leases are as follows:

	General Long- Term Debt	Proprietary Funds	Total Principal	Interest	Total
2009	\$ 229,139	\$ 496,016	\$ 725,155	\$ 101,183	\$ 826,338
2010	158,089	502,825	660,914	90,250	751,164
2011	8,589	512,423	521,012	71,467	592,479
2012	8,303	527,215	535,518	59,593	595,111
2013	0	334,689	334,689	48,553	383,242
2014-2018	0	919,847	919,847	191,024	1,110,871
2019-2023	0	341,501	341,501	136,658	478,159
2024-2028	0	122,000	122,000	103,545	225,545
2029-2033	0	146,000	146,000	74,001	220,001
2034-2038	0	171,600	171,600	38,677	210,277
2038-2043	0	69,001	69,001	4,703	73,704
Total	<u>\$ 404,120</u>	<u>\$ 4,143,117</u>	<u>\$ 4,547,237</u>	<u>\$ 919,654</u>	<u>\$ 5,466,891</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE C - LEASE COMMITMENTS

PITNEY BOWES - A three year lease with for a postage machines for city hall and the police station. Payments are monthly in the amounts of \$377.00 and 138.00. Lease is cancelable by either party upon ninety days written notice.

KENTUCKY AREA DEVELOPMENT DISTRICTS FINANCING TRUST - A year lease for the purchase of a rollback truck (2008 Mack GU713) from Worldwide Equipment. Lease payments of \$2,878.89, \$2,850.00 and \$132,850.00. Truck was leased on November 26, 2007 with total payments of \$138,578.89. This truck was disposed of in the current fiscal year.

The related future minimum lease payments are as follows:

2009	\$ 141,880
2010	6,180
2011	3,090
2012	0
2013	0
	\$ 151,150

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE D – CHANGES IN CAPITAL ASSETS

The following is a summary of changes in the Capital Assets as of June 30, 2008.

CHANGES IN FIXED ASSETS – GOVERNMENTAL ACTIVITIESASSETS.

Description	Beginning Cost	Additions	Deletions	Ending Cost
Property, Plant, and Equipment	\$ 31,166,427	\$ 1,027,799	\$ 57,818	\$ 32,136,408
Vehicles	3,334,864	7,400	206,117	3,136,147
Equipment	2,851,330	556,640	448,417	2,959,553
Infrastructure	36,126,907	197,238	0	36,324,145
Construction In Progress	275,762	236,162	0	511,924
TOTALS	<u>\$ 73,755,290</u>	<u>\$ 2,025,239</u>	<u>\$ 712,352</u>	<u>\$ 75,068,177</u>

ACCUMULATED DEPRECIATION

Description	Beginning Balance	Current Provisions	Deletions	Ending Balance
Property, Plant, and Equipment	\$ 5,076,258	\$ 512,888	\$ 57,818	\$ 5,531,328
Vehicles	2,412,850	230,911	202,558	2,441,203
Equipment	2,353,346	174,105	402,534	2,124,917
Infrastructure	21,469,467	904,815	0	22,374,282
TOTALS	<u>\$ 31,311,921</u>	<u>\$ 1,822,719</u>	<u>\$ 662,910</u>	<u>\$ 32,471,730</u>
NET ASSETS	<u>\$ 42,443,369</u>			<u>\$ 42,596,447</u>

Depreciation expense was charged to Governmental Activities

General Government	\$ 558,951
Public Safety	254,556
Streets	962,305
Recreation and Parks	46,907
Total Depreciation Expense Governmental Activities	<u>\$ 1,822,719</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE E - PROPRIETARY FUNDS PROPERTY, PLANT AND EQUIPMENT

The following is a summary of the Property, Plant and Equipment of the Enterprise Funds as of June 30, 2008.

CHANGES IN FIXED ASSETS - GAS FUNDASSETS

Description	Beginning Cost	Additions	Deletions	Ending Cost
Plant and Distribution System	\$ 2,218,662	\$ 0	\$ 0	\$ 2,218,662
Equipment	160,149	29,766	0	189,915
Vehicles	110,050	0	0	110,050
TOTALS	\$ 2,488,861	\$ 29,766	\$ 0	\$ 2,518,627

ACCUMULATED DEPRECIATION

Description	Beginning Balance	Current Provisions	Deletions	Ending Balance
Plant and Distribution System	\$ 1,535,720	\$ 55,683	\$ 0	\$ 1,591,403
Equipment	133,310	9,496	0	142,806
Vehicles	86,689	5,191	0	91,880
TOTALS	\$ 1,755,719	\$ 70,370	\$ 0	\$ 1,826,089
NET ASSETS	\$ 733,142			\$ 692,538

CHANGES IN FIXED ASSETS - WATERASSETS

Description	Beginning Cost	Additions	Deletions	Ending Cost
Plant and Distribution System	\$ 16,169,105	\$ 14,000	\$ 0	\$ 16,183,105
Equipment	488,068	17,543	0	505,611
Vehicles	125,166	0	0	125,166
TOTALS	\$ 16,782,339	\$ 31,543	\$ 0	\$ 16,813,882

ACCUMULATED DEPRECIATION

Description	Beginning Balance	Current Provisions	Deletions	Ending Balance
Plant and Distribution System	\$ 7,115,973	\$ 374,570	\$ 0	\$ 7,490,543
Equipment	427,541	23,705	0	451,246
Vehicles	97,171	9,080	0	106,251
TOTALS	\$ 7,640,685	\$ 407,355	\$ 0	\$ 8,048,040
NET ASSETS	\$ 9,141,654			\$ 8,765,842

CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE E - PROPRIETARY FUNDS PROPERTY, PLANT AND EQUIPMENT (Continued)

CHANGES IN FIXED ASSETS – SEWER

ASSETS

Description	Beginning Cost	Additions	Deletions	Ending Cost
Plant and Distribution System	\$ 13,978,067	\$ 0	\$ 0	\$ 13,978,067
Equipment	127,326	16,616	0	143,942
Vehicles	71,042	0	0	71,042
TOTALS	\$ 14,176,435	\$ 16,616	\$ 0	\$ 14,193,051

ACCUMULATED DEPRECIATION

Description	Beginning Balance	Current Provisions	Deletions	Ending Balance
Plant and Distribution System	\$ 6,824,006	\$ 287,039	\$ 0	\$ 7,111,045
Equipment	106,278	8,721	0	114,999
Vehicles	41,261	11,048	0	52,309
TOTALS	\$ 6,971,545	\$ 306,808	\$ 0	\$ 7,278,353
NET ASSETS	\$ 7,204,890			\$ 6,914,698

CHANGES IN FIXED ASSETS - SANITATION

ASSETS

Description	Beginning Cost	Additions	Deletions	Ending Cost
Property and Plant	\$ 127,569	\$ 7,448	\$ 0	\$ 135,017
Equipment	170,117	9,078	0	179,195
Vehicles	446,298	69,950	0	516,248
TOTALS	\$ 743,984	\$ 86,476	\$ 0	\$ 830,460

ACCUMULATED DEPRECIATION

Description	Beginning Balance	Current Provisions	Deletions	Ending Balance
Property and Plant	\$ 22,364	\$ 5,795	\$ 0	\$ 28,159
Equipment	111,236	18,075	0	129,311
Vehicles	389,214	36,827	0	426,041
TOTALS	\$ 522,814	\$ 60,697	\$ 0	\$ 583,511
NET ASSETS	\$ 221,170			\$ 246,949

NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2008

NOTE E - PROPRIETARY FUNDS PROPERTY, PLANT AND EQUIPMENT (Concluded)

CHANGES IN FIXED ASSETS -- SANDY VALLEY

ASSETS

Description	Beginning Cost	Additions	Deletions	Ending Cost
Distribution System	\$ 745,027	\$ 0	\$ 0	\$ 745,027
Equipment	36,500	6,768	0	43,268
TOTALS	\$ 781,527	\$ 6,768	\$ 0	\$ 788,295

ACCUMULATED DEPRECIATION

Description	Beginning	Current	Deletions	Ending Balance
Distribution System	\$ 3,104	\$ 18,626	\$ 0	\$ 21,730
Equipment	1,216	8,090	0	9,306
TOTALS	\$ 4,320	\$ 26,716	\$ 0	\$ 31,036
NET ASSETS	\$ 777,207			\$ 757,259

CHANGES IN FIXED ASSETS -- MOSSY BOTTOM

Description	Beginning Cost	Additions	Deletions	Ending Cost
Distribution System	\$ 1,290,487	\$ 0	\$ 0	\$ 1,290,487
Equipment	0	6,768	0	6,768
TOTALS	\$ 1,290,487	\$ 0	\$ 0	\$ 1,297,255

ACCUMULATED DEPRECIATION

Description	Beginning	Current	Deletions	Ending Balance
Distribution System	\$ 2,689	\$ 32,262	\$ 0	\$ 34,951
Equipment	0	790	0	790
TOTALS	\$ 2,689	\$ 32,262	\$ 0	\$ 35,741
NET ASSETS	\$ 1,287,798			\$ 1,261,514

NET ASSETS PROPRIETARY FUNDS

FUND	Beginning Net Assets	Ending Net Assets
GAS	\$ 733,142	\$ 692,538
WATER	9,141,654	8,765,842
SEWER	7,204,890	6,914,698
SANITATION	221,170	246,949
SANDY VALLEY WATER	777,207	757,259
MOSSY BOTTOM	1,287,798	1,261,514
	\$ 19,365,861	\$ 18,638,800

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE F - LITIGATION

Various claims and lawsuits are pending against the City. In the opinion of the City attorney, the potential loss on all claims will not be significant to the City's Financial Statements.

NOTE G - COMMITMENTS AND CONTINGENT LIABILITIES

FEDERAL GRANT PROGRAMS - The City participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives.

PROPERTY SALE - PIKEVILLE METHODIST HOSPITAL (Hospital) - The City sold river fill property to the Pikeville Methodist Hospital for \$91,000 during the fiscal year ended June 30, 1998. There is a lawsuit pending against this property and if the courts rule against the City, the City will be required to repay the purchase price to the Hospital.

NOTE H - REPORT RECLASSIFICATIONS

Certain previously reported amounts have been reclassified to conform to 2006 report classifications.

NOTE I - MANAGEMENT CONTRACT

The City contracted with the UMG to manage the Street, Water and Sewer, Gas, and Garbage departments of the City. The contract went into effect on December 2006.

UMG is paid a monthly fee and in turn they pay certain expenses relating to the operation of the above departments.

The City bills and collects all utility charges and related fees.

NOTE J - HELLIER MANOR APARTMENTS, LTD (HDG GRANT)

In 1984 the City received a Housing Development Grant (HDG) from the U. S. Department of Housing and Urban Development in the amount of \$1,430,002. The City loaned the grant proceeds to Hellier Manor Apartments, Ltd. (HMA) who used the funds, in addition to bond proceeds, to construct the Ridge Cliff Apartments.

These funds are to be repaid over a twenty-year period that will commence when the bonds are paid and is to be paid from profits in excess of a 10% return on investment.

Due to the length of time between the origination of the loan and the commencement of payment, and the possibility of unforeseen conditions, the likelihood of collection is such that it cannot be predicted, thus this loan receivable is not recorded.

NOTE K - LETTER OF CREDIT - KENTUCKY INFRASTRUCTURE AUTHORITY

This note payable is for the construction of additions to the City's wastewater treatment plant. The note will be repaid in semi-annual installments starting December 1, 1992 and the last payment being on June 1, 2012. The City is required to maintain an irrevocable letter of credit in the amount of \$381,888 to cover debt service payments for two years. The City is required to establish a Reserve for Operation and Maintenance in the amount of 5% of the original principal by making deposits on or before each payment date, in the amount of 10% of each payment.

The City also increased occupational license fees to 2%, with the .5% being earmarked for debt service of this note.

There currently is no balance outstanding.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE L - RETIREMENT PLAN

All employees are covered under the County Employees' Retirement System (CERS), a cost sharing, multi-employer, public employers' retirement system administered by the Kentucky Retirement Systems. The Plan operates on a fiscal year ending on June 30, and issues financial statements as of that date, which can be obtained from Kentucky Retirement Systems or viewed at www.kyret.com.

Employers contribute at the rate determined by the Board of Trustees, of the Kentucky Retirement Systems, to be necessary for the actuarial soundness of the systems as required by KRS 61.565. The employer rate is reviewed annually following the valuation by a consulting actuary. *Employer contributions are not deposited to member accounts.* Employer contributions are deposited to the Retirement Allowance Account and are used to pay monthly benefits and the expenses of the systems.

Funding for this Plan is provided through payroll withholdings from the employee's total compensation subject to contribution. All required contributions were made. Contribution percentages and amounts of contributions required for CERS are as follows:

	Year	Rate – Non-hazardous		Amount	
		Employee	Employer	Employee	Employer
The City's payroll subject to retirement withholding for 2008 and 2007 the year was \$2,924,438 and \$2,594,030 respectively.	2008	5.00%	16.17%	\$43,448	\$140,511
	2007	5.00%	13.19%	\$38,828	\$102,428

	Year	Rate – Hazardous		Amount	
		Employee	Employer	Employee	Employer
The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date.	2008	8.00%	33.87%	\$149,237	\$631,833
	2007	8.00%	28.21%	\$146,078	\$517,580

	Year	Total Amount	
		Employee	Employer
The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the pensions' funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among the plans and employers.	2008	\$192,685	\$772,344
	2007	\$184,906	\$620,008

CERS does not make separate measurements of assets and pension benefit obligation for individual employers. As the City is only one of several employers participating in the Plan, it is not practicable to determine the City's portion of the unfunded past service cost or the vested benefits of the City's portion of the Plan assets.

The benefits of all vested members are based on years of service and final compensation. Annual benefits are computed based on 2.2% of Final Compensation multiplied by Years of Service as defined under the plan. The Plan provides for benefits upon early retirement based on the number of years of service and age. Additional details can be found in the Plan.

For non-hazardous members, final compensation is the average of the five fiscal years during which the member had the highest average monthly salary. A non-hazardous member must have a minimum of 48 months in his final compensation. If the five fiscal years with highest earnings contain fewer than 48 months, additional fiscal years will be added to the calculation.

For non-hazardous members with 27 years service who retire between August 1, 2001 and January 1, 2009, final compensation will be based on the three highest fiscal years of salary if the member's age when added to his service is at least 75. There must be a minimum of 24 months in the three fiscal years. If the three fiscal years with highest earnings contain fewer than 24 months, additional fiscal years will be added to the calculation.

For hazardous members, final compensation is the average of the three fiscal years during which the member had the highest average monthly salary. A hazardous member must have a minimum of 24 months in the final compensation. If the three fiscal years with highest earnings contain fewer than 24 months, additional fiscal years will be added to the calculation.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE M - DEFERRED COMPENSATION PLAN

The City of Pikeville adopted Plan I and Plan II under the Kentucky Public Employees Deferred Compensation Authority allowing eligible employees to defer a portion of their compensation under Internal Revenue Code sections 457 and 401 (k). The plan was adopted for payroll ending October 16, 1998.

Funding for these plans is provided through payroll withholdings that are set by the employees. The City of Pikeville elected not to match any contribution to these funds for any employee. The contributions, by employees, to the 457 and 401 (k) are as follows:

Year	457	401 (k)
2008	\$13,590	\$5,840
2007	\$13,425	\$4,560

NOTE N - RETIREMENT BENEFITS ORDINANCE

The City Board of Commissioners adopted ordinance no. 0-98-001 establishing parameters for certain retirement benefits. The ordinance establishes benefits for employees that meet the following criteria:

1. Were employed by the City of Pikeville on August 25, 1975;
2. Have completed at least 25 years of employment with the City of Pikeville; and
3. Retired from employment for the City of Pikeville.

The pension shall be \$500.00 per month payable from general funds, but there shall be a dollar for dollar offset for any other pension or retirement benefits received from any other source other than Social Security or SSI. The pension is payable only to the employee for and during his natural life. No disability plan or fund is established. No policemen or firemen are eligible to participate in this retirement plan.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits estimated to be payable in the future. This Obligation could not be computed as information as to the number employees who are eligible, life expectancy, and the amount of other pensions or retirement benefits being received by those eligible. Due to the inability to compute the liability, no conclusions as to the materiality can be ascertained.

NOTE O - DEPOSITS WITH FINANCIAL INSTITUTIONS

At June 30, 2008, the carrying amount of the City's deposits with financial institutions was \$12,047,815 and the bank balance, per statements, was \$12,204,192. The bank balance is categorized as follows:

Amount insured by the FDIC	\$ 300,000
Amount collateralized with securities held by third party in the City's name	11,904,192
Uncollateralized (\$ 0 of this amount is collateralized with securities held by the pledging financial institution)	0
Total Bank Balance	\$ 12,204,192

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE P - FEDERAL GRANTS

The City participates in several federally funded programs.

NOTE Q - LONG-TERM LEASE AGREEMENTS

Pike County Chamber of Commerce, Inc. - Leases the building at 261 Hambley Blvd (train station). The lease is for a term of five (5) years, with the Lessor having the right to cancel upon 90 days written notice during the first three years of the lease if the City desires to sell the premises. Either party to the lease may cancel the lease upon 90 days written notice in the last two years of the lease term. Rent will be in the amount of \$2,400 for 2000, 3600 for 2001, 4800 for 2002, and shall be negotiated for 2003 to 2004, but shall not be less than \$4,800.

Pikeville-Pike County Tourism and Recreation Commission - leases a Passenger Train Car and Contents located on Huffman Avenue for \$1.00 per year. The lease is a one year lease, automatically renewed for successive one-year terms, termination can be by either party upon giving sixty (60) days notice prior to the end of the term.

Dilco Development Company - leases the Dils Cemetery located adjacent to the Pikeville Bypass Road and Chloe Creek Road for \$1.00 per year. The lease is for a term of fifteen years, automatically renewed for successive one-year terms under the same terms and conditions, termination can be by either party upon giving 180 days notice prior to the end of the term.

Pikeville Area Family YMCA, Inc. - YMCA leases several properties:

a - Land located in Bob Amos Park for consideration of \$1.00 per year for a term of fifty years. This agreement is dated December 31, 1991.

b - Teen Center Building located in the Hambley Athletic Complex for consideration of \$450.00 per month.

c - Softball Field located in Bob Amos Park for consideration of \$1.00 per year for a period of one year and the right to renew for five additional one year terms. Either party has the right to cancel by giving thirty days written notice of the parties' intent to terminate this lease or renewal thereof.

d - Driving Range Equipment on June 16, 1995, for consideration of \$1.00 per year for a period of one year and automatic renewal for five successive one year terms. Either party has the right to cancel by giving thirty days written notice of the parties' intent to terminate this lease or renewal thereof.

Model City Day Care Center, Inc. - leases daycare facilities located on Bank Street in Pikeville, Kentucky for \$1.00 per year. The lease is for a term of two years ending on December 31, 1992, renewable for two consecutive two year terms under the same terms and conditions, upon written notice by Model City Day Care Center, Inc. of its intent to renew 180 days prior to the end of the term of the lease or any renewal thereof. Any renewal is contingent on the Model City Day Care Center, Inc. being in substantial compliance with this agreement.

Commonwealth of Kentucky - leases land for use as a firing range by the Kentucky State Police. The agreement is for the period from May 1, 1996, to April 30, 2006.

Channel 51 - leases the land located on Hambley Boulevard for consideration of \$8,015.29 a year.

Pikeville Independent Board of Education - Use of the Hambley Athletic Complex for consideration of \$20,000 per year for the life of the general obligation bonds; \$1,000 per month for the Maintenance and Operation rental Fee and \$800 per month for one hundred and thirty eight (138) months beginning July 1, 2000.

Pikeville Community Church - Teen Center building for \$200.00 per month, on a month to month basis with either party having the right to cancel the agreement on a 30 days notice.

Big Sandy Heritage Center - Lease of the building at 773 Hambley Blvd (train station).

CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE R – INTER FUND RECEIVABLES AND PAYABLES

There were no Inter-fund balances at June 30, 2008.

NOTE S – INTER FUND TRANSFERS

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Projects Control	Fixed Assets Construction	\$ 165,000
General	Football Field Debt Service	Debt Service	119,720
General	Water	Debt Service	50,000
General	Sewer	Debt Service	201,544
General	Sandy Valley Water	Debt Service	35,000
General	Mossy Bottom Sewer	Operating	25,000
General	State Police Case	Operating	2,135
Coal Severance	Projects Control	Operating	10,000
State Police Cas	Coal Severance	Operating	4,591
Water	Sewer	Debt Service	22,755
Sewer	General	Operating	3,167
			\$ 638,912

NOTE T – MOSSY BOTTOM SEWER

The City acquired the assets that make up the Mossy Bottom Sewer System and began operating the Mossy Bottom Sewer System in the fiscal year ended June 30, 2007 and assumed debt in the amount of \$1,438,249.

NOTE U – SANDY VALLEY WATER

The City acquired the assets and related debt of the Sandy Valley Water District (SVWD) which are located in Pike County. The City assumed operations of that portion of the SVWD in the fiscal year ended June 30, 2007 upon approval of the Public Service Commission. The City assumed debt totaling \$781,527.

CITY OF PIKEVILLE, KENTUCKY

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

For the year ended June 30, 2008

Wallen and Cornett, PSC

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 1349

PIKEVILLE, KENTUCKY 41502



J. Don Wallen, CPA
Johnny C. Cornett, CPA
Johnny K. White, CPA
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners of
City of Pikeville, Kentucky

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Pikeville, Kentucky, as of and for the year ended June 30, 2008, which collectively comprise the City of Pikeville, Kentucky's basic financial statements and have issued our report thereon dated January 26, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Pikeville, Kentucky's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Pikeville, Kentucky's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Pikeville, Kentucky's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Pikeville, Kentucky's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Pikeville, Kentucky's financial statements that is more than inconsequential will not be prevented or detected by the City of Pikeville, Kentucky's internal control.

To the Board of Commissioners of
City of Pikeville, Kentucky

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Pikeville, Kentucky's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the audit committee, City Commission, and is not intended to be and should not be used by anyone other than these specified parties.

WALLEN AND CORNETT, P. S. C.

Wallen and Cornett, PSC

Certified Public Accountants
Pikeville, Kentucky

January 26, 2009

CITY OF PIKEVILLE, KENTUCKY

INDIVIDUAL MAJOR FUND FINANCIAL STATEMENTS

For the year ended June 30, 2008

Wallen and Cornett, PSC

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 1349

PIKEVILLE, KENTUCKY 41502



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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTAL INFORMATION**

To the Mayor and Members of
The Board of Commissioners
City of Pikeville, Kentucky

Our report on the financial statements for the year ended June 30, 2008 appears on pages 1 and 2. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pikeville, Kentucky basic financial statements. The individual major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

WALLEN AND CORNETT, P. S. C.

Wallen and Cornett, PSC

Certified Public Accountants
Pikeville, Kentucky

January 26, 2009

CITY OF PIKEVILLE, KENTUCKY

GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Ad Valorem Taxes				
Property Taxes	\$481,100	\$481,100	\$874,068	392,968
Housing Authority Property Tax	23,000	23,000	23,563	563
Franchise Bank Deposit Tax	142,000	142,000	153,215	11,215
Franchise				
Franchise Tax	24,000	24,000	30,825	6,825
Franchise Fees	291,000	300,000	350,212	50,212
Franchise Cable	41,100	41,100	23,728	(17,372)
Occupational License Taxes & Fees				
Payroll Taxes - Individuals	4,840,000	4,900,000	5,758,080	858,080
Business Licenses	300,000	560,000	665,061	105,061
Penalties and Interest	46,000	46,000	29,565	(16,435)
Other Taxes				
ABC Licenses	162,000	162,000	165,519	3,519
Off Track Betting	28,000	28,000	30,883	2,883
Hotel/Motel Tax	100,000	131,000	132,388	1,388
Permits and Fees				
Building Permits	25,000	25,000	12,609	(12,391)
Other Permits	6,900	6,900	6,173	(727)
Electrical Inspection Fees	22,000	22,000	24,787	2,787
Grants-Federal				
Police Grant	0	0	0	0
Shelter Grant	0	0	0	0
FEMA	0	108,305	109,161	856
Homeland Security	0	0	0	0
HIDTA	53,000	53,000	44,632	(8,368)
Grants - State				
EMS Grant	0	11,540	14,957	3,417
KLEFPF Police Incentive	73,000	73,000	85,860	12,860
Fire Incentive	97,000	97,000	106,071	9,071
VFD Allotment	1,000	1,000	593	(407)
DOT Gasoline Tax	80,000	80,000	100,479	20,479
Court Citations	4,700	4,700	4,179	(521)
Base Court Revenue	20,000	20,000	48,556	28,556
Other State Grants	0	0	30,018	30,018
Grants - Local				
Pike County Bd of Educ. / Locker Room	9,600	9,600	10,400	800
Pike County Bd of Educ. / Athletic Complex	56,940	56,940	61,685	4,745
Interest Income				
Penalties & Interest - Property Taxes	8,190	8,190	11,461	3,271
Interest Income	45,000	45,000	141,197	96,197
Other Revenue				
911 Fees	50,000	50,000	42,970	(7,030)
Shuttle Revenue	0	5,000	1,900	(3,100)
Fire Employee Fund	2,500	2,500	1,635	(865)
Ambulance Fund	270,000	270,000	314,643	44,643
Parking Violations	28,000	28,000	46,750	18,750
Concession and Vending	7,400	7,400	5,044	(2,356)
Swim Team	0	0	4,475	4,475
Rent	17,916	17,916	17,350	(566)
Litter Abatement	0	0	6,588	6,588
Parking Garage	4,000	4,000	4,354	354
Other Miscellaneous	83,960	93,795	165,066	71,271
TOTAL REVENUES	\$7,444,306	\$7,938,986	\$9,660,700	\$1,721,714

The accompanying notes are an integral part of the financial statements

CITY OF PIKEVILLE, KENTUCKY

GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES				
General Government				
Personnel Cost				
Salaries and Wages	\$478,076	\$478,076	\$482,093	(\$4,017)
Payroll Taxes	34,500	41,000	25,432	15,568
Insurance	53,000	58,000	35,968	22,032
Pensions	53,000	67,000	67,055	(55)
Insurance - Workers Comp	9,500	9,500	7,500	2,000
Rent	5,000	7,000	5,345	1,655
Supplies	39,050	39,050	50,035	(10,985)
Telephone	38,000	39,800	45,807	(6,007)
Power, Lights and Heat	19,300	34,115	30,731	3,384
Automotive - Fuel	3,300	6,300	5,848	452
Automotive - Repairs & Maintenance	2,200	6,000	5,594	406
Insurance	41,365	42,215	40,711	1,504
Advertising	81,000	142,900	131,973	10,927
Professional Services - Accounting	50,000	50,000	42,178	7,822
Professional Services - Legal	0	0	1,860	(1,860)
Professional Services - Engineering	40,000	40,000	25,327	14,673
Professional Services - Training	7,655	7,655	3,269	4,386
Professional Services - Other	28,000	28,000	17,931	10,069
Tax Commissioners Statutory Fee	25,700	25,700	25,771	(71)
Repairs and Maintenance	34,130	67,455	66,552	903
Travel	13,700	11,100	9,408	1,692
Postage and Freight	17,000	17,000	12,746	4,254
Dues and Subscriptions	7,290	7,790	7,470	320
Bank Service Charges	2,000	2,000	914	1,086
Refunds	86,800	87,120	77,544	9,576
Tourism Commission	85,000	126,000	125,769	231
Big Sandy Area Development	1,500	1,500	1,500	0
Pike County Airport Board	25,000	25,000	25,000	0
Pikeville Main Street Program	20,000	20,000	22,962	(2,962)
IDEA	0	0	0	0
Sandy Valley Transportation	0	25,700	25,685	15
Fixed Asset Purchased / Construction	106,780	893,265	1,001,241	(107,976)
Miscellaneous	54,267	238,772	133,310	105,462
Provision for Bad Debts	0	0	11,325	(11,325)
Total General Government	\$1,462,113	\$2,645,013	\$2,571,854	\$73,159

The accompanying notes are an integral part of the financial statements

CITY OF PIKEVILLE, KENTUCKY

GENERAL FUND
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Public Safety				
Police Department				
Personnel Costs				
Salaries and Wages	\$976,000	\$976,000	\$931,272	\$44,728
Payroll Taxes	62,000	62,000	48,433	13,567
Insurance	115,000	115,000	93,805	21,195
Pensions	252,000	252,000	289,374	(37,374)
Insurance - Workers Comp	47,000	47,000	44,000	3,000
Rent	1,900	2,700	2,415	285
Supplies	12,500	14,250	14,810	(560)
Telephone	17,000	17,000	15,628	1,372
Power, Lights and Heat	6,300	9,900	9,114	786
Automotive - Fuel	50,000	60,000	68,932	(8,932)
Automotive - Repairs & Maintenance	50,000	50,000	39,409	10,591
Insurance	45,000	45,000	44,659	341
Advertising	1,000	2,000	1,609	391
Professional Services	6,000	6,700	5,681	1,019
Professional Services - Training	7,000	7,000	695	6,305
Uniforms	37,000	37,850	26,248	11,602
Repairs and Maintenance	10,710	14,745	10,933	3,812
Travel	3,800	7,800	7,908	(108)
Postage and Freight	600	1,000	931	69
Dues and Subscriptions	600	600	530	70
D. A. R. E. PROGRAM	3,000	4,000	3,135	865
Miscellaneous	1,900	17,140	8,978	8,162
Equipment	38,500	53,000	36,274	16,726
Total Police Department	<u>\$1,744,810</u>	<u>\$1,802,685</u>	<u>\$1,704,773</u>	<u>\$97,912</u>
Community Oriented Policing Grant (COPS)				
Advertising	\$0	\$0	\$654	(\$654)
Insurance	0	0	13,037	(13,037)
Total Community Oriented Policing	<u>\$0</u>	<u>\$0</u>	<u>\$13,691</u>	<u>(\$13,691)</u>

The accompanying notes are an integral part of the financial statements

CITY OF PIKEVILLE, KENTUCKY

GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Fire Department				
Personnel Costs				
Salaries and Wages	\$1,078,000	\$1,078,000	\$1,075,853	\$2,147
Payroll Taxes	72,500	72,500	74,269	(1,769)
Insurance	149,000	149,000	129,140	19,860
Pensions	300,000	365,000	354,441	10,559
Insurance - Workers Comp	61,000	61,000	55,599	5,401
Supplies	20,251	21,351	22,417	(1,066)
Telephone	5,900	5,900	5,887	13
Power, Lights and Heat	24,735	24,735	14,009	10,726
Automotive - Fuel	14,000	14,000	13,593	407
Automotive - Repairs & Maintenance	20,800	30,800	24,884	5,916
Insurance	33,000	33,000	30,783	2,217
Advertising	400	400	0	400
Professional Services	3,750	11,100	3,840	7,260
Professional Services - Training	3,000	3,000	720	2,280
Uniforms	27,600	27,600	25,977	1,623
Repairs and Maintenance	29,300	37,300	24,117	13,183
Travel	2,500	2,500	527	1,973
Postage and Freight	0	500	0	500
Dues and Subscriptions	0	0	0	0
VFD Allotment	10,500	10,500	1,810	8,690
Fire Prevention	1,500	2,000	1,802	198
Miscellaneous	1,920	1,920	8,340	(6,420)
Equipment	20,135	30,135	24,031	6,104
Total Fire Department	\$1,879,791	\$1,982,241	\$1,892,039	\$90,202
Ambulance Service				
Personnel Costs	\$0	\$0	\$0	\$0
Rent	0	0	0	0
Supplies	11,200	16,200	12,718	3,482
Telephone	2,500	2,500	1,712	788
Power, Lights and Heat	0	0	0	0
Automotive - Fuel	10,000	13,000	163	12,837
Automotive - Repairs & Maintenance	12,000	20,000	13,186	6,814
Insurance	8,056	13,056	10,347	2,709
Advertising	200	700	0	700
Professional Services	25,000	25,000	26,624	(1,624)
Professional Services - Training	5,000	5,000	440	4,560
Uniforms	0	0	0	0
Repairs and Maintenance	500	500	0	500
Travel	0	0	0	0
Postage and Freight	0	0	0	0
Dues and Subscriptions	500	500	150	350
Miscellaneous	0	0	0	0
Equipment	6,000	11,000	7,395	3,605
Refunds	0	20,000	6,727	13,273
Total Ambulance Service	\$80,956	\$127,456	\$79,462	\$34,721

The accompanying notes are an integral part of the financial statements

CITY OF PIKEVILLE, KENTUCKY

GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Emergency Shelter				
Professional Services	\$90,000	\$90,000	\$60,000	\$30,000
Miscellaneous	0	0	0	0
Total Emergency Shelter	\$90,000	\$90,000	\$60,000	\$30,000
Codes				
Personnel Costs				
Salaries and Wages	\$32,900	\$35,200	\$35,091	\$109
Payroll Taxes	2,000	2,000	1,974	26
Insurance	4,000	4,700	4,686	14
Pensions	4,700	5,700	5,636	64
Insurance - Workers Comp	1,000	1,000	800	200
Supplies	850	1,250	1,057	193
Telephone	600	600	238	362
Automotive - Fuel	1,500	2,000	2,340	(340)
Automotive - Repairs & Maintenance	1,100	1,500	1,151	349
Insurance	1,680	1,680	1,534	146
Advertising	700	700	517	183
Professional Services - Electrical Ins.	25,000	35,000	39,433	(4,433)
Professional Services	1,720	2,720	289	2,431
Uniforms	350	350	166	184
Repairs and Maintenance	0	1,100	835	265
Travel	1,200	1,200	445	755
Dues and Subscriptions	700	700	693	7
Refund of Inspection Fees	0	0	0	0
Miscellaneous	500	500	950	(450)
Equipment	7,750	22,750	9,544	13,206
Total Codes	\$88,250	\$120,650	\$107,379	\$13,271

The accompanying notes are an integral part of the financial statements

CITY OF PIKEVILLE, KENTUCKY

GENERAL FUND
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
911				
Personnel Costs	\$0	\$0	\$0	\$0
Rent	0	0	0	0
Telephone	70,200	70,200	20,353	49,847
Insurance	2,750	2,750	2,700	50
Advertising	2,000	2,000	0	2,000
Professional Services	11,250	11,250	4,833	6,417
Repairs and Maintenance	5,000	5,160	5,456	(296)
Travel	0	0	0	0
Miscellaneous	0	0	1	(1)
Equipment	4,200	259,200	243,450	15,750
Total 911	<u>\$95,400</u>	<u>\$350,560</u>	<u>\$276,793</u>	<u>\$73,767</u>
Dispatch Service				
Personnel Costs				
Salaries and Wages	\$220,600	\$220,600	\$205,306	\$15,294
Payroll Taxes	16,000	16,000	14,164	1,836
Insurance	34,000	34,000	28,986	5,014
Pensions	34,000	34,000	33,424	576
Insurance - Workers Comp	2,500	2,500	2,500	0
Rent	0	2,500	0	2,500
Supplies	200	300	0	300
Telephone	800	1,470	1,372	98
Automotive - Fuel	1,500	2,900	1,812	1,088
Insurance	1,990	1,990	1,900	90
Advertising	500	1,300	527	773
Professional Services	985	985	510	475
Uniforms	2,450	2,450	1,918	532
Repairs and Maintenance	1,292	1,292	0	1,292
Travel	1,900	2,300	1,230	1,070
Dues and Subscriptions	155	155	185	(30)
Miscellaneous	300	300	151	149
Equipment	6,000	6,000	6,790	(790)
Total Dispatch Service	<u>\$325,172</u>	<u>\$331,042</u>	<u>\$300,775</u>	<u>\$30,267</u>
Total Public Safety	<u>\$4,304,379</u>	<u>\$4,804,634</u>	<u>\$4,434,912</u>	<u>\$370,140</u>

The accompanying notes are an integral part of the financial statements

CITY OF PIKEVILLE, KENTUCKY

GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Streets Department				
Power, Lights and Heat	\$180,000	\$180,000	\$161,698	\$18,302
Automotive - Repairs & Maintenance	2,500	2,500	0	2,500
Insurance	26,950	26,950	25,920	1,030
Management Fees - PSG	635,332	635,332	635,332	0
Professional Services	0	5,000	4,400	600
Repairs and Maintenance	100,000	102,000	171,535	(69,535)
Miscellaneous	0	0	144	(144)
Street Construction	15,000	122,000	19,256	102,744
Equipment	30,000	10,000	7,400	2,600
Total Streets	\$989,782	\$1,083,782	\$1,025,685	\$58,097
Parking Garage				
Supplies	\$1,000	\$1,000	\$43	\$957
Telephone	0	0	0	0
Power, Lights and Heat	28,100	28,100	33,533	(5,433)
Insurance	8,000	8,000	7,926	74
Professional Services	0	0	0	0
Repairs and Maintenance	20,500	20,000	9,129	10,871
Equipment	10,000	10,000	0	10,000
Total Parking Garage	\$67,600	\$67,100	\$50,631	\$16,469
Recreation				
Parks Department				
Personnel Costs				
Salaries and Wages	\$6,000	\$10,000	\$6,780	\$3,220
Payroll Taxes	460	460	492	(32)
Insurance	0	0	0	0
Pensions	0	900	603	297
Insurance - Workers Comp	0	0	0	0
Rent	600	600	0	600
Supplies	2,000	2,250	1,457	793
Telephone	575	575	573	2
Power, Lights and Heat	33,650	66,210	56,650	9,560
Automotive - Fuel	2,500	0	0	0
Automotive - Repairs & Maintenance	0	0	0	0
Insurance	13,100	21,800	18,185	3,615
Advertising	0	200	167	33
Professional Services	311,966	311,966	311,966	0
Uniforms	0	0	0	0
Repairs and Maintenance	48,760	49,160	38,335	10,825
Travel	0	0	0	0
Animal Control	0	0	0	0
Miscellaneous	0	0	0	0
Equipment	23,000	29,800	26,172	3,628
Total Parks Department	\$442,611	\$493,921	\$461,380	\$32,541

The accompanying notes are an integral part of the financial statements

CITY OF PIKEVILLE, KENTUCKY

GENERAL FUND
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Pool Department				
Personnel Costs				
Salaries and Wages	\$3,000	\$3,000	\$2,900	\$100
Payroll Taxes	185	185	0	185
Insurance - Workers Comp	0	0	0	0
Supplies	2,000	6,000	3,407	2,593
Telephone	425	425	418	7
Power, Lights and Heat	10,000	10,000	4,561	5,439
Insurance	3,300	3,300	3,000	300
Advertising	0	0	0	0
Professional Services	17,441	17,641	17,608	33
Uniforms	0	0	0	0
Repairs and Maintenance	38,000	35,500	31,885	3,615
Refunds	0	0	0	0
Miscellaneous	0	0	0	0
Equipment	2,500	2,500	270	2,230
Total Pool Department	\$76,851	\$78,551	\$64,049	\$14,502
Total Recreation	\$519,462	\$572,472	\$525,429	\$47,043
Lake Cleanup				
Personnel Costs				
Salaries and Wages	\$35,000	\$35,000	\$26,557	\$8,443
Payroll Taxes	5,000	5,000	1,930	3,070
Insurance	0	0	0	0
Pensions	5,000	5,000	4,157	843
Insurance - Workers Comp	1,000	1,000	1,000	0
Supplies	2,000	10,000	6,928	3,072
Insurance	3,100	3,100	2,000	1,100
Power, Lights and Heat	7,700	11,200	12,155	(955)
Advertising	0	0	0	0
Professional Services	0	0	0	0
Repairs and Maintenance	9,000	11,500	5,978	5,522
Miscellaneous	0	600	285	315
Equipment	26,000	62,200	46,864	15,336
Total Lake Cleanup	\$93,800	\$144,600	\$107,854	\$36,746

The accompanying notes are an integral part of the financial statements

CITY OF PIKEVILLE, KENTUCKY

GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Landscape				
Personnel Costs				
Salaries and Wages	\$0	\$0	\$0	\$0
Payroll Taxes	0	0	0	0
Insurance	0	0	0	0
Pensions	0	0	0	0
Insurance - Workers Comp	0	0	0	0
Rent	0	0	0	0
Insurance	2,550	2,550	2,000	550
Advertising	0	0	0	0
Professional Services	88,174	85,674	85,674	0
Automotive - Maintenance	0	0	0	0
Repairs and Maintenance	29,000	46,000	43,960	2,040
Supplies	0	0	0	0
Telephone	0	0	0	0
Power, Lights and Heat	1,000	1,000	174	826
Uniforms	0	0	0	0
Travel	0	0	0	0
Miscellaneous	0	0	0	0
Equipment	4,000	4,000	0	4,000
Total Landscape	\$124,724	\$139,224	\$131,808	\$7,416
Debt Service				
Principal Paid	\$7,200	\$7,200	\$7,175	\$25
Interest Paid	2,640	2,640	2,195	445
Total Debt Service	\$9,840	\$9,840	\$9,370	\$470
Total Expenditures	\$7,571,700	\$9,466,665	\$8,857,543	\$609,122
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(\$127,394)	(\$1,527,679)	\$803,157	\$2,330,836
OTHER FINANCING SOURCES (USES)				
Operating Transfer In	\$0	\$0	\$3,167	\$3,167
Operating Transfer Out	(321,264)	(321,264)	(598,399)	(277,135)
Loan Proceeds	0	0	0	0
Proceeds from Sale of Fixed Assets	0	12,200	12,148	52
Total Other Financing Sources (Uses)	(\$321,264)	(\$309,064)	(\$583,084)	(\$273,916)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	(\$448,658)	(\$1,836,743)	\$220,073	\$2,056,816
FUND BALANCE-BEGINNING OF YEAR			4,911,271	
FUND BALANCE-END OF YEAR			\$5,131,344	

The accompanying notes are an integral part of the financial statements

CITY OF PIKEVILLE, KENTUCKY

Coal Severance

STATEMENT OF REVENUES AND EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental Revenue	\$890,000	\$890,000	\$823,656	(\$66,344)
Other Grants	0	304,291	443,371	139,080
Interest Income	11,000	11,000	43,076	32,076
TOTAL REVENUES	<u>\$901,000</u>	<u>\$1,205,291</u>	<u>\$1,310,103</u>	<u>\$104,812</u>
EXPENDITURES				
Current				
General Government	\$60,000	\$60,500	\$46,666	\$13,834
Debt Service				
Principal	0	23,000	20,480	(2,520)
Interest	0	0	6,779	6,779
Capital Outlay	840,950	1,403,150	973,514	429,636
TOTAL EXPENDITURES	<u>\$900,950</u>	<u>\$1,486,650</u>	<u>\$1,047,439</u>	<u>\$429,636</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$50</u>	<u>(\$281,359)</u>	<u>\$262,664</u>	<u>\$534,448</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Long-Term Debt	\$0	\$0	\$392,000	\$392,000
Operating Transfers In	0	0	4,591	4,591
Operating Transfers Out	0	0	(10,000)	(10,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$0</u>	<u>\$0</u>	<u>\$386,591</u>	<u>\$386,591</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>\$50</u>	<u>(\$281,359)</u>	<u>\$649,255</u>	<u>\$921,039</u>
FUND BALANCE - BEGINNING OF YEAR			999,968	
FUND BALANCE - END OF YEAR			<u>\$1,649,223</u>	

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

CITY OF PIKEVILLE, KENTUCKY

WATER FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL
 For The Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Water Sales	\$2,110,858	2,128,858	\$1,939,297	(189,561)
Service Charges	21,000	22,000	34,203	12,203
Penalties and Services	8,600	8,600	6,257	(2,343)
Water Tap Fees	20,000	20,000	27,505	7,505
Miscellaneous	11,000	39,500	7,160	(32,340)
TOTAL REVENUE	\$2,171,458	\$2,218,958	\$2,014,422	(\$204,536)
OPERATING EXPENSES				
Personnel Costs	\$0	\$13,250	\$15,141	(\$1,891)
Contractual Service	1,443,674	1,443,674	1,419,770	23,904
Operational	38,729	61,529	66,955	(5,426)
Repairs and Maintenance	169,000	179,000	23,566	155,434
Provision For Bad Debts	0	2,500	1,382	1,118
Depreciation	0	0	407,355	(407,355)
Total Operating Expenses	\$1,651,403	\$1,699,953	\$1,934,169	(\$234,216)
Operating Income (Loss)	\$520,055	\$519,005	\$80,253	(\$438,752)
NONOPERATING REVENUES (EXPENSES)				
Interest Income	\$30,050	\$30,050	\$52,420	\$22,370
Interest Expense	(249,519)	(249,519)	(240,159)	9,360
Premium (Discount) on Debt Restructuring	0	0	0	0
Grant	0	0	0	0
Total Nonoperating Revenues (Expenses)	(\$219,469)	(\$219,469)	(\$187,739)	\$31,730
NET INCOME (LOSS)(Before Transfers)	\$300,586	\$299,536	(\$107,486)	(\$407,022)
TRANSFERS				
Operating Transfers In	\$0	\$0	\$50,000	\$50,000
Operating Transfers (Out)	0	500	(22,755)	(23,255)
Total Transfers	\$0	\$500	\$27,245	\$26,745
NET INCOME (LOSS)	\$300,586	\$300,036	(\$80,241)	(\$380,277)
NET ASSETS - BEGINNING OF YEAR			5,756,792	
NET ASSETS - END OF YEAR			<u>\$5,676,551</u>	

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

CITY OF PIKEVILLE, KENTUCKY

SEWER FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL
 For The Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sewer Service Charges	\$1,011,300	\$1,059,800	\$1,005,508	(\$54,292)
Penalties and Services	7,500	7,500	7,318	(182)
Water and Sewer Tap Fees	3,000	7,500	9,550	2,050
Miscellaneous Revenues	0	0	0	0
TOTAL REVENUE	\$1,021,800	\$1,074,800	\$1,022,376	(\$52,424)
OPERATING EXPENSES				
Personnel Costs	\$0	\$18,000	\$11,018	\$6,982
Contractual Service	641,845	641,845	639,926	1,919
Operational	49,957	69,907	46,065	23,842
Repairs and Maintenance	198,500	202,400	42,348	160,052
Provision For Bad Debts	0	15,000	4,928	10,072
Depreciation	0	0	306,808	(306,808)
Total Operating Expenses	\$890,302	\$947,152	\$1,051,093	(\$103,941)
Operating Income (Loss)	\$131,498	\$127,648	(\$28,717)	(\$156,365)
NONOPERATING REVENUES (EXPENSES)				
Interest Income	\$32,800	\$32,800	\$63,651	\$30,851
Interest Expense	(38,140)	(38,140)	(44,746)	(6,606)
Premium (Discount) on Debt Restructuring	0	0	0	0
Gain (Loss) on Disposition of Assets	0	0	0	0
Total Nonoperating Revenues (Expenses)	(\$5,340)	(\$5,340)	\$18,905	\$24,245
NET INCOME (LOSS) Before Transfers	\$126,158	\$122,308	(\$9,812)	(\$132,120)
TRANSFERS				
Operating Transfers In	\$201,544	\$201,544	224,299	\$22,755
Operating Transfers (Out)	0	0	(3,167)	(3,167)
Total Transfers	\$201,544	\$201,544	\$221,132	\$19,588
NET INCOME (LOSS)	\$327,702	\$323,852	\$211,320	(\$112,532)
NET ASSETS - BEGINNING OF YEAR			6,544,531	
NET ASSETS - END OF YEAR			<u>\$6,755,851</u>	

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

CITY OF PIKEVILLE, KENTUCKY

GAS FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL
 For The Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Gas Sales	\$2,217,000	\$2,453,000	\$2,157,331	(\$295,669)
Penalties & Service Charges	11,300	11,300	16,250	4,950
Tap Fees	6,500	6,500	6,700	200
Miscellaneous	0	0	0	0
TOTAL REVENUES	<u>\$2,234,800</u>	<u>\$2,470,800</u>	<u>\$2,180,281</u>	<u>(\$290,519)</u>
OPERATING EXPENSES				
Personnel Costs	\$66,400	\$62,850	\$42,756	\$20,094
Gas Purchased	1,519,000	1,819,000	1,839,302	(20,302)
Contractual Services	442,117	442,117	432,211	9,906
Repairs and Maintenance	222,800	209,000	16,917	192,083
Operational	47,800	60,112	32,658	27,454
Bad Debts	0	13,900	6,117	7,783
Depreciation	0	0	70,370	(70,370)
Total Operating Expenses	<u>\$2,298,117</u>	<u>\$2,606,979</u>	<u>\$2,440,331</u>	<u>\$166,648</u>
Operating Income	<u>(\$63,317)</u>	<u>(\$136,179)</u>	<u>(\$260,050)</u>	<u>(\$123,871)</u>
NONOPERATING REVENUES (EXPENSES)				
Royalties	\$5,000	\$5,000	\$4,254	(\$746)
Interest Revenue	8,000	11,000	27,808	16,808
Interest Expense	(0)	(0)	0	0
Gain (Loss) on Disposition of Assets	0	0	0	0
Total Nonoperating Revenue (Expense)	<u>\$13,000</u>	<u>\$16,000</u>	<u>\$32,062</u>	<u>\$16,062</u>
NET INCOME (LOSS) Before Transfers	<u>(\$50,317)</u>	<u>(\$120,179)</u>	<u>(\$227,988)</u>	<u>(\$107,809)</u>
TRANSFERS				
Operating Transfers In	\$0	\$0	\$0	\$0
Operating Transfers (Out)	(0)	(0)	0	0
Total Transfers	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
NET INCOME (LOSS)	<u>(\$50,317)</u>	<u>(\$120,179)</u>	<u>(\$227,988)</u>	<u>(\$107,809)</u>
NET ASSETS - BEGINNING OF YEAR			\$1,959,998	
NET ASSETS - END OF YEAR			<u>\$1,732,010</u>	

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

CITY OF PIKEVILLE, KENTUCKY

SANITATION FUND

COMPARATIVE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
RETAINED EARNINGS - BUDGET (GAAP BASIS) AND ACTUAL - Note A
For The Fiscal Year Ended June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Variance Favorable (Unfavorable)
REVENUES				
Garbage Fees	\$1,048,500	\$1,119,500	\$1,027,095	(\$92,405)
Penalties	7,000	7,000	6,344	(656)
Miscellaneous	0	0	1,601	1,601
Total Revenues	<u>\$1,055,500</u>	<u>\$1,126,500</u>	<u>\$1,035,040</u>	<u>(\$91,460)</u>
EXPENSES				
Personnel Costs	\$45,750	\$45,900	\$36,617	9,283
Contractual Services	503,625	503,625	499,625	4,000
Repairs and Maintenance	189,400	378,400	4,044	374,356
Dumping Fees	309,000	309,000	280,493	28,507
Operational	138,625	155,925	79,631	76,294
Bad Debts	0	14,000	2,347	11,653
Depreciation	25,000	25,000	60,697	(35,697)
Total Expenses	<u>\$1,211,400</u>	<u>\$1,431,850</u>	<u>\$963,454</u>	<u>\$468,396</u>
Operating Income	<u>(\$155,900)</u>	<u>(\$305,350)</u>	<u>\$71,586</u>	<u>\$376,936</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Income	\$7,000	\$7,000	\$17,394	\$10,394
Interest Expense	0	(11,000)	(2,629)	8,371
Gain (Loss) on Disposition of Fixed Assets	0	0	452	452
Total Nonoperating Revenues	<u>\$7,000</u>	<u>(\$4,000)</u>	<u>\$15,217</u>	<u>\$19,217</u>
NET INCOME (LOSS) Before Transfers	<u>(\$148,900)</u>	<u>(\$309,350)</u>	<u>\$86,803</u>	<u>\$396,153</u>
TRANSFERS				
Operating Transfers In	0	0	0	0
Operating Transfers (Out)	0	0	0	0
Total Transfers	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
NET INCOME (LOSS)	<u>(\$148,900)</u>	<u>(\$309,350)</u>	<u>\$86,803</u>	<u>\$396,153</u>
NET ASSETS - BEGINNING OF YEAR			\$872,464	
NET ASSETS - END OF YEAR			<u>\$959,267</u>	

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

CITY OF PIKEVILLE, KENTUCKY

MOSSY BOTTOM

COMPARATIVE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
RETAINED EARNINGS - BUDGET (GAAP BASIS) AND ACTUAL - Note A
For The Fiscal Year Ended June 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES				
Sewer Service Charges	\$223,305	\$364,305	\$331,352	(\$32,953)
Penalties & Service Charges	3,500	3,500	2,804	(696)
Water and Sewer Tap Fees	0	10,000	16,995	6,995
Miscellaneous Revenues	0	0	0	0
Total Revenues	<u>\$226,805</u>	<u>\$377,805</u>	<u>\$351,151</u>	<u>(\$26,654)</u>
EXPENSES				
Personnel Costs	\$0	\$0	\$0	
Contractual Services	21,100	21,100	5,019	16,081
Repairs and Maintenance	58,000	193,500	149,283	44,217
Operational	42,200	44,700	11,838	32,862
Bad Debts	0	0	1,346	(1,346)
Depreciation	0	5,000	33,052	(28,052)
Total Expenses	<u>\$121,300</u>	<u>\$264,300</u>	<u>\$200,538</u>	<u>\$63,762</u>
Operating Income	<u>\$105,505</u>	<u>\$113,505</u>	<u>\$150,613</u>	<u>\$37,108</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Income	\$100	\$275	\$960	\$685
Interest Expense	(105,000)	(108,000)	(25,686)	82,314
Gain (Loss) on Disposition of Fixed Assets	0			0
Total Nonoperating Revenues	<u>(\$104,900)</u>	<u>(\$107,725)</u>	<u>(\$24,726)</u>	<u>\$82,999</u>
NET INCOME (LOSS) Before Transfers	<u>\$605</u>	<u>\$5,780</u>	<u>\$125,887</u>	<u>\$120,107</u>
TRANSFERS				
Operating Transfers In	0	95,000	25,000	(70,000)
Operating Transfers (Out)	0	(100,000)	0	100,000
Total Transfers	<u>\$0</u>	<u>(\$5,000)</u>	<u>\$25,000</u>	<u>\$30,000</u>
NET INCOME (LOSS)	<u>\$605</u>	<u>\$780</u>	<u>\$150,887</u>	<u>\$150,107</u>
NET ASSETS - BEGINNING OF YEAR			\$32,492	
NET ASSETS - END OF YEAR			<u>\$183,379</u>	

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