

CITY OF PIKEVILLE, KENTUCKY

FINANCIAL STATEMENTS

For the year ended June 30, 2009

**Wallen and Cornett, PSC**

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 1349

PIKEVILLE, KENTUCKY 41502

CITY OF PIKEVILLE, KENTUCKY  
COMBINED FINANCIAL STATEMENTS

TABLE OF CONTENTS

June 30, 2009

	<u>PAGE #</u>
<u>GENERAL PURPOSE FINANCIAL STATEMENTS</u>	
Municipal Officials	i
Management Discussion and Analysis	ii-ix
Independent Auditor's Report	1-2
Statement of Net Assets	3
Statement of Activities	4
Balance Sheet – Governmental Funds	5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds to the Statement of Activities	8
Fund Balance Sheets – Proprietary Funds	9
Statement of Revenues, Expenses and Changes in Net Assets -- Proprietary Funds	10
Statements of Cash Flows – Proprietary Funds	11
Fiduciary Fund – Agency	12
Notes to the Financial Statements	13-35
<u>REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS</u>	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	37-38
<u>INDIVIDUAL MAJOR FUND FINANCIAL STATEMENTS</u>	
Independent Auditor's Report on Supplemental Information	40
Statement of Revenues and Expenditures - Budget and Actual - General Fund	41-49
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Coal Severance	50
Statement of Revenue, Expenditures and Changes in Net Assets -- Budget and Actual – Water	51
Statement of Revenue, Expenditures and Changes in Net Assets -- Budget and Actual – Sewer	52
Statement of Revenue, Expenditures and Changes in Net Assets – Budget and Actual – Gas	53
Statement of Revenue, Expenditures and Changes in Net Assets – Budget and Actual -- Sanitation	54
Statement of Revenue, Expenditures and Changes in Net Assets – Budget and Actual – Mossy Bottom Sewer	55
<u>COMBINING FINANCIAL STATEMENTS</u>	
Balance Sheet – Other Governmental Funds – Combining	57
Statement of Revenues, Expenditures and Changes in Fund Balances – Other Governmental Funds	58
Fund Balance Sheets – Proprietary Funds – Combining	59
Statement of Revenues, Expenses and Changes in Net Assets – Other Proprietary Funds – Combining	60
Statements of Cash Flows – Other Proprietary Funds - Combining	61

CITY OF PIKEVILLE, KENTUCKY

MUNICIPAL OFFICIALS

JUNE 30, 2009

	Office	Name	Term	
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, 2009**

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, 2009. 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 \$17,315,110 and net assets of governmental activities were \$49,504,603.

- The current year's expense total was \$10,208,290 as compared to the \$12,651,526 generated in fees and charges, grants, general revenues, and taxes for governmental programs (before extraordinary items). In the previous year, expenses were \$10,795,136 as compared to the \$11,029,904 generated in tax and other revenues for governmental programs (before extraordinary items).
- For business-type activities, city revenues were \$8,689,769. Expenses were \$7,901,889. In the previous year, city revenues were \$7,115,885. Expenses were \$7,336,645.
- The annual cost of all city programs was \$18,110,179. The previous year's cost was \$18,131,781.

# **Management's Discussion and Analysis Financial Report**

**City of Pikeville**

**June 30, 2009**

## **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, 2009**

## **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 in which 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, 2009**

**TABLE 1  
NET ASSETS**

	Governmental Activities		Business-type Activities		Total Primary Government	
	Current	Previous	Current	Previous	Current	Previous
	Year	Year	Year	Year	Year	Year
Current and other Assets:	7,360,386	6,958,793	6,772,755	5,828,418	14,133,141	12,787,211
Capital Assets:	43,588,525	42,596,447	19,525,371	18,638,794	63,113,896	61,235,241
Total Assets	50,948,911	49,555,240	26,298,126	24,467,212	77,247,037	74,022,452
Long-term liabilities:	1,076,434	1,114,981	8,052,522	8,108,087	9,128,956	9,223,068
Other liabilities:	367,874	395,373	930,494	786,872	1,298,368	1,182,245
Total Liabilities	1,444,308	1,510,354	8,983,016	8,894,959	10,427,324	10,405,313
Net Assets:						
Invested in Capital Assets, net of related debt:	42,230,646	41,162,327	10,639,383	9,851,747	52,870,029	51,014,074
Restricted:	1,475	1,475	2,389,078	2,347,707	2,390,553	2,349,182
Unrestricted (deficit):	7,272,482	6,881,084	4,286,649	3,372,799	11,559,131	10,253,883
Total Net Assets	49,504,603	48,044,886	17,315,110	15,572,253	66,819,713	63,617,139

## **CITY AS A WHOLE**

The city's combined net assets from the previous year were \$63,617,139 as compared to \$66,819,713 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 \$49,504,603 this year as compared to \$48,044,603 last year. Unrestricted net assets were \$6,881,084 last year as compared to \$7,272,482 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 \$17,315,110 this year as compared to \$15,572,253 last year.

City revenues (excluding extraordinary items) for the current year were \$21,312,753 as compared to \$18,314,195 in the previous year. The total yearly cost of all programs and services was \$18,110,179 as compared to \$18,131,781 in the previous year.

# Management's Discussion and Analysis Financial Report

City of Pikeville

June 30, 2009

Table 2  
Changes in Net Assets

	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	53,985	43,569	8,690,769	7,115,885	8,744,754	7,159,454
Restricted Operating Grants	1,189,354	830,287			1,189,354	830,287
Restricted Capital Grants	1,940,594	544,506			1,940,594	544,506
Restricted Other						
General Revenue						
Property Taxes	941,306	1,050,846			941,306	1,050,846
Other Taxes	7,505,633	7,186,261			7,505,633	7,186,261
Interest & Investment Income	164,397	211,906	97,921	165,700	262,318	377,606
Other General Revenues	820,551	1,150,382	(127,463)	4,706	693,088	1,155,088
Total Revenues	12,615,820	11,017,757	8,661,227	7,286,291	21,277,047	18,304,048
Program Expenses						
General Government	2,153,866	2,417,614			2,153,866	2,417,614
Public Safety	4,424,988	4,444,909			4,424,988	4,444,909
Public Works						
Culture & Recreation	638,864	525,429			638,864	525,429
Community Development						
Education						
Interest on Long-Term Debt	69,949	43,694			69,949	43,694
Business Activities						
Water &/or Sewer			3,736,562	3,270,167	3,736,562	3,270,167
Other Utilities			4,165,327	4,066,478	4,165,327	4,066,478
Parking Facilities	62,759	50,631			62,759	50,631
Other Expenses	4,185,343	3,578,592			4,185,343	3,578,592
Total Expenses	11,535,769	11,060,869	7,901,889	7,336,645	19,437,658	18,397,514
Excess (deficiency) Before						
Extraordinary Items & Transfers	1,080,051	(43,112)	759,338	(50,354)	1,839,389	(93,466)
Extraordinary Items & Transfers	(983,519)	(308,377)	983,519	308,377		
Increase (Decrease) in Net Assets	96,532	(351,489)	1,742,857	258,023	1,839,389	(93,466)



## **Management's Discussion and Analysis Financial Report**

**City of Pikeville**

**June 30, 2009**

### **GOVERNMENTAL ACTIVITIES**

This year's governmental activities revenues were \$12,615,820 as compared to \$11,017,757 last year. The year's governmental activities cost was \$11,535,769 as compared to \$11,060,869 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**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>Current Year</b>	<b>Previous Year</b>	<b>Current Year</b>	<b>Previous Year</b>
Police Department	1,725,493	1,704,773	1,725,493	1,704,773
Fire Department	1,830,870	1,892,039	1,830,870	1,892,039
Public Works				
Education				
Parks and Recreation	638,864	525,429	638,864	525,429
All others	7,340,542	6,938,628	7,340,542	6,938,628
Totals	<u>11,535,769</u>	<u>11,060,869</u>	<u>11,535,769</u>	<u>11,060,869</u>

### **BUSINESS-TYPE ACTIVITIES**

This year's Business-type activities revenues (see Table 2) were \$8,661,227 as compared to \$7,286,291 last year. This year's expenses were \$7,901,889 as compared to \$7,336,645 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 \$66,819,713 as compared to \$63,617,139 in the previous year.

# **Management's Discussion and Analysis Financial Report**

**City of Pikeville**

**June 30, 2009**

## **CAPITAL ASSETS**

**Table 4**  
**Capital Assets at Year-End**  
**(Net of Depreciation)**

	<b>Governmental Activities</b>		<b>Business-type</b>		<b>Totals</b>	
	<b>Current Year</b>	<b>Previous Year</b>	<b>Current Year</b>	<b>Previous Year</b>	<b>Current Year</b>	<b>Previous Year</b>
Land	10,704,062	10,704,062	138,000	138,000	10,842,062	10,842,062
Buildings and Improvements	15,799,909	15,901,018			15,799,909	15,901,018
Equipment	1,549,054	1,529,580	716,058	366,266	2,265,112	1,895,846
Infrastructure	13,043,826	13,949,863	17,927,198	18,134,534	30,971,024	32,084,397
Other	2,491,674	511,924	744,120	0	3,235,794	511,924
Totals	43,588,525	42,596,447	19,525,376	18,638,800	63,113,901	61,235,247

At the close of the year, the city had invested \$63,113,901 in capital assets such as land, buildings and improvements, equipment or infrastructure (see Table 4). \$61,235,247 was invested in similar assets last year.

The current year's chief capital asset additions included:

- The Construction of an RV Park with appropriate hookups for utilities.
- Construction in progress on Thompson Road.
- Purchase of ambulances, trucks for the sanitation fund and various other vehicles.
- Infrastructure from Mountain Water District for Mossy Bottom sewer fund.

# **Management's Discussion and Analysis Financial Report**

**City of Pikeville**

**June 30, 2009**

Table 5  
Outstanding Debt at Year-End

	Governmental		Business-type		Totals	
	Activities		Activities			
	Current	Previous	Current	Previous	Current	Previous
	Year	Year	Year	Year	Year	Year
General obligation bonds (backed by the city)	940,000	1,030,000			940,000	1,030,000
Revenue bonds and notes (backed by specific tax and fee revenues)			8,885,989	8,787,047	8,885,989	8,787,047
Other bonds or outstanding obligations	417,880	404,120			417,880	404,120
Totals	1,357,880	1,434,120	8,885,989	8,787,047	10,243,869	10,221,167

## **DEBT MANAGEMENT**

At the close of the year, the city had \$10,243,869 in outstanding bonds and notes as compared to \$10,221,168 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, 2009, 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, 2009, 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 ii through ix, 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 February 15, 2010, 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

February 15, 2010

## CITY OF PIKEVILLE, KENTUCKY

## STATEMENT OF NET ASSETS

June 30, 2009

	Governmental Activities	Business Type	Total
<b>ASSETS</b>			
Cash	\$4,306,325	\$1,432,148	\$5,738,473
Certificates of Deposit and Savings	2,675,857	974,174	3,650,031
Receivables (Net of Allowance for Uncollectibles)			
Taxes	51,185	0	51,185
Accounts	53,185	757,917	811,102
Prepaid Expenses	273,834	84,917	358,751
Restricted Assets			
Cash	0	497,703	497,703
Certificates of Deposit	0	3,010,496	3,010,496
Other Receivables	0	15,400	15,400
Capital Assets, Net	43,588,525	19,525,371	63,113,896
<b>TOTAL ASSETS</b>	<b>\$50,948,911</b>	<b>\$26,298,126</b>	<b>\$77,247,037</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$27,337	\$14,062	\$41,399
Accrued Expenses	0	33,088	33,088
Current Portion of Long-Term Debt	281,445	833,466	1,114,911
Customer's Deposit	0	46,773	46,773
Deferred Revenue	39,975	0	39,975
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	850,000	0	850,000
Revenue Bonds Payable - Note B	0	4,270,147	4,270,147
Notes Payable - Note B	226,434	3,782,375	4,008,809
<b>TOTAL LIABILITIES</b>	<b>\$1,444,308</b>	<b>\$8,983,016</b>	<b>\$10,427,324</b>
<b>NET ASSETS</b>			
Investment in Capital Assets, Net of Related Debt	\$42,230,646	\$10,639,383	\$52,870,029
Restricted For:			
Reserve for Depreciation	0	667,783	667,783
Sinking Fund Reserve	0	1,275,895	1,275,895
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	7,272,482	4,286,649	11,559,131
<b>TOTAL NET ASSETS</b>	<b>\$49,504,603</b>	<b>\$17,315,110</b>	<b>\$66,819,713</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$50,948,911</b>	<b>\$26,298,126</b>	<b>\$77,247,037</b>

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

## CITY OF PIKEVILLE, KENTUCKY

STATEMENT OF ACTIVITIES  
JUNE 30, 2009

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
<b>Primary Government</b>							
Governmental Activities							
General Government	\$2,214,650	\$0	\$0	\$0	(\$2,214,650)		(\$2,214,650)
Public Safety	4,667,686	0	0	0	(4,667,686)		(4,667,686)
Streets	2,126,709	0	0	0	(2,126,709)		(2,126,709)
Parking Garage	62,759	0	0	0	(62,759)		(62,759)
Recreation	697,571	0	0	0	(697,571)		(697,571)
Lake Cleanup	86,319	0	0	0	(86,319)		(86,319)
Landscape	104,069	0	0	0	(104,069)		(104,069)
Grants / Loan Advances	218,223	0	0	0	(218,223)		(218,223)
Other	30,304	0	0	0	(30,304)		(30,304)
Total Governmental Funds	\$10,208,290	\$0	\$0	\$0	(\$10,208,290)		(\$10,208,290)
<b>Business-Type Activities</b>							
Water	\$2,466,340	\$2,358,345	\$0	\$0		(\$107,995)	(\$107,995)
Sewer	1,270,222	1,165,455	0	0		(104,767)	(104,767)
Gas	2,395,022	2,822,327	0	0		427,305	427,305
Sanitation	1,018,761	1,115,135	0	0		96,374	96,374
Mossy Bottom Sewer	322,355	450,098	0	0		127,743	127,743
Other	429,189	779,409	0	0		350,220	350,220
Total Business-type Activities	\$7,901,889	\$8,690,769	\$0	\$0	\$788,880		\$788,880
Total Primary Government	\$18,110,179	\$8,690,769	\$0	\$0			
<b>General Revenues- - Detailed:</b>							
Ad Valorem Taxes		\$941,306					\$941,306
Franchise Taxes		481,285					481,285
Occupational License Fees		6,645,074					6,645,074
Other Taxes		379,274					379,274
Permits and Fees		53,985					53,985
Intergovernmental Revenue		3,068,953					3,068,953
Other Grants		60,995					60,995
Interest Income		164,397				97,921	262,318
Other		820,551				6,209	820,551
Royalties		0					0
Gain on disposal of assets		35,706				(133,672)	(97,966)
Transfers		(983,519)				983,519	0
Total General Revenues, Contributions, Special Items, and Transfers		\$11,668,007			\$953,977		\$12,621,984
Change in Net Assets		\$1,459,717			\$1,742,857		\$3,202,574
Net Assets - Beginning		48,044,886			15,572,253		63,617,139
Net Assets - Ending		\$49,504,603			\$17,315,110		\$66,819,713

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

## CITY OF PIKEVILLE, KENTUCKY

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2009

	General	Coal Severance	Other Government Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments				
Cash	\$3,354,565	\$491,134	\$460,626	\$4,306,325
Certificates of Deposit and Savings	2,015,161	660,696	0	2,675,857
Receivables (Net of Allowance for Uncollectibles)				
Taxes	51,185	0	0	51,185
Accounts	53,185	0	0	53,185
Prepaid Expenses	273,834	0	0	273,834
<b>TOTAL ASSETS</b>	<b>\$5,747,930</b>	<b>\$1,151,830</b>	<b>\$460,626</b>	<b>\$7,360,386</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$27,337	\$0	\$0	\$27,337
Accrued Expenses	0	0	0	0
Customer's Deposit	0	0	0	0
Deferred Revenue	39,975	0	0	39,975
Payable from Restricted Assets				
Matured Coupons Payable	0	0	15,117	15,117
Matured Bonds Payable	0	0	4,000	4,000
<b>TOTAL LIABILITIES</b>	<b>\$67,312</b>	<b>\$0</b>	<b>\$19,117</b>	<b>\$86,429</b>
<b>FUND BALANCES</b>				
Designated for Debt Service	\$0	\$0	\$1,475	\$1,475
Undesignated	5,680,618	1,151,830	440,034	7,272,482
<b>TOTAL FUND BALANCES</b>	<b>\$5,680,618</b>	<b>\$1,151,830</b>	<b>\$441,509</b>	<b>\$7,273,957</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$5,747,930</b>	<b>\$1,151,830</b>	<b>\$460,626</b>	<b>\$7,360,386</b>

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, 2009

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$7,273,957
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.	43,588,525
Long-Term Liabilities, including bonds payable, are not due and payable in the the current period and therefore are not reported in the funds.	(1,357,879)
Total Net Assets - Governmental Activities	<u>\$49,504,603</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, 2009

	General	Coal Severance	Other Funds	Totals
<b>REVENUES</b>				
Ad Valorem Taxes	\$941,306	\$0	\$0	\$941,306
Franchise Taxes	481,285	0	0	481,285
Occupational License Fees	6,645,074	0	0	6,645,074
Other Taxes	379,274	0	0	379,274
Permits and Fees	53,985	0	0	53,985
Intergovernmental Revenue	404,277	1,090,138	1,574,538	3,068,953
Other Grants	60,995	0	0	60,995
Interest Income	113,523	40,060	10,814	164,397
Other Revenue	820,022	529	0	820,551
Total Revenues	<u>\$9,899,741</u>	<u>\$1,130,727</u>	<u>\$1,585,352</u>	<u>\$12,615,820</u>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
General Government	\$2,153,865	\$0	\$1	\$2,153,866
Public Safety	4,386,801	0	38,187	4,424,988
Streets	1,129,573	0	0	1,129,573
Parking Garage	62,759	0	0	62,759
Recreation	638,864	0	0	638,864
Lake Cleanup	86,319	0	0	86,319
Landscape	104,069	0	0	104,069
Other	0	0	30,304	30,304
Capital Outlay	0	388,200	1,909,536	2,297,736
Debt Service				
Principal Retirement	157,599	71,520	90,000	319,119
Interest	37,864	0	32,085	69,949
Grants / Loan Advances	158,538	40,000	19,685	218,223
Total Expenditures	<u>\$8,916,251</u>	<u>\$499,720</u>	<u>\$2,119,798</u>	<u>\$11,535,769</u>
Excess of Revenues Over (Under) Expenditures	<u>\$983,490</u>	<u>\$631,007</u>	<u>(\$534,446)</u>	<u>\$1,080,051</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Long-Term Debt	\$259,076	\$0	\$0	\$259,076
Proceeds from Sale of Fixed Assets	35,750	0	0	35,750
Operating Transfers In	300,000	0	1,630,695	1,930,695
Operating Transfers Out	(1,029,042)	(1,128,400)	(756,772)	(2,914,214)
Total Other Financing Sources (Uses)	<u>(\$434,216)</u>	<u>(\$1,128,400)</u>	<u>\$873,923</u>	<u>(\$688,693)</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</b>				
	\$549,274	(\$497,393)	\$339,477	\$391,358
FUND BALANCES - BEGINNING OF YEAR	5,131,344	1,649,223	101,992	6,882,559
FUND BALANCES-END OF YEAR	<u>\$5,680,618</u>	<u>\$1,151,830</u>	<u>\$441,469</u>	<u>\$7,273,917</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, 2009

Net change in fund balances - total governmental funds. \$ 391,358

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. 3,045,454

The cost of capital assets is allocated over their useful  
lives and reported as depreciation expense. (2,053,356)

Proceeds from Long-Term Debt (259,120)

The repayment of debt principal is an expenditure of  
governmental funds, but the repayment reduces long-term debt in  
the statement of net assets. 335,381

Change in net assets of governmental activities \$ 1,459,717

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

## CITY OF PIKEVILLE, KENTUCKY

FUND BALANCE SHEET  
PROPRIETARY FUNDS

June 30, 2009

ASSETS	Water Fund	Sewer Fund	Gas Fund	Sanitation Fund	Mossy Bottom	Other Funds	Total
Cash	\$315,668	\$91,497	\$578,171	\$148,661	\$102,788	\$195,363	\$1,432,148
Certificates Of Deposit	0	0	702,142	233,930		38,102	974,174
Customer's Accounts Receivable	197,287	106,366	251,746	92,422	52,485	57,611	757,917
Prepaid Expenses	8,469	15,542	16,076	34,617	5,547	4,666	84,917
Due From Other Funds	0	0	0	0	0	0	0
Property, Plant and Equipment	8,364,204	7,377,623	625,482	549,151	1,876,658	732,253	19,525,371
<b>Restricted Assets:</b>							
Cash	91,808	131,276	14,518	0	32,931	227,170	497,703
Certificates of Deposit	1,184,885	1,513,829	0	0	134,302	177,480	3,010,496
Other Receivables	0	15,400	0	0	0	0	15,400
<b>TOTAL ASSETS</b>	<b>\$10,162,321</b>	<b>\$9,251,533</b>	<b>\$2,188,135</b>	<b>\$1,058,781</b>	<b>\$2,204,711</b>	<b>\$1,432,645</b>	<b>\$26,298,126</b>
<b>LIABILITIES AND NET ASSETS</b>							
<b>LIABILITIES</b>							
Accounts Payable	\$12,758	\$0	\$1,304	\$0	\$0	\$0	\$14,062
Accrued Expenses	13,984	0	0	0	16,659	2,445	33,088
Current Portion of Long-Term Debt	354,917	246,734	0	130,000	89,674	12,141	833,466
Customer's Deposits	0	0	0	0	0	46,773	46,773
Notes Payable	661,699	1,437,373	0	0	1,683,303	0	3,782,375
Bonds Payable (Net of Discount)	3,522,649	0	0	0	0	747,498	4,270,147
<b>Restricted Liabilities:</b>							
Matured Bonds Payable	0	0	0	0	0	0	0
Matured Coupons Payable	0	0	3,105	0	0	0	3,105
<b>Total Liabilities</b>	<b>\$4,566,007</b>	<b>\$1,684,107</b>	<b>\$4,409</b>	<b>\$130,000</b>	<b>\$1,789,636</b>	<b>\$808,857</b>	<b>\$8,983,016</b>
<b>NET ASSETS</b>							
Invested in capital Assets, net of related debt	\$3,824,939	\$5,693,516	\$625,482	419,151	103,681	(\$27,386)	\$10,639,383
Reserve for Depreciation	455,893	190,531	0	0	0	21,359	667,783
Sinking Fund Reserve	799,640	314,000	3,105	0	159,150	0	1,275,895
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	515,842	923,979	1,555,139	509,630	152,244	629,815	4,286,649
<b>Total Net Assets</b>	<b>\$5,596,314</b>	<b>\$7,567,426</b>	<b>\$2,183,726</b>	<b>\$928,781</b>	<b>\$415,075</b>	<b>\$623,788</b>	<b>\$17,315,110</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$10,162,321</b>	<b>\$9,251,533</b>	<b>\$2,188,135</b>	<b>\$1,058,781</b>	<b>\$2,204,711</b>	<b>\$1,432,645</b>	<b>\$26,298,126</b>

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, 2009

	Water	Sewer	Gas	Sanitation	Mossy Bottom	Other Proprietary Funds	TOTAL
<b>OPERATING REVENUES</b>	<u>\$2,358,345</u>	<u>\$1,165,455</u>	<u>\$2,822,327</u>	<u>\$1,115,135</u>	<u>\$450,098</u>	<u>\$779,409</u>	<u>\$8,690,769</u>
<b>OPERATING EXPENSES</b>							
Personnel Costs	\$28,234	\$29,866	\$35,425	\$26,075	\$0	\$28,448	\$148,048
Gas Purchased	0	0	1,747,744	0	0	0	1,747,744
Contractual Services	1,470,620	667,388	453,095	510,382	2,723	6,886	3,111,094
Dumping Fees	0	0	0	272,176	0	0	272,176
Repairs and Maintenance	79,444	50,568	41,227	40,234	217,456	46,786	475,715
Operational	145,647	131,440	35,538	86,762	18,810	301,292	719,489
Bad Debts	(3,425)	(347)	3,687	633	46	25	619
Depreciation	517,876	353,995	78,306	78,340	34,856	25,006	1,088,379
Total Operating Expenses	<u>\$2,238,396</u>	<u>\$1,232,910</u>	<u>\$2,395,022</u>	<u>\$1,014,602</u>	<u>\$273,891</u>	<u>\$408,443</u>	<u>\$7,563,264</u>
Operating Income (Loss)	<u>\$119,949</u>	<u>(\$67,455)</u>	<u>\$427,305</u>	<u>\$100,533</u>	<u>\$176,207</u>	<u>\$370,966</u>	<u>\$1,127,505</u>
<b>NONOPERATING INCOME (EXPENSES)</b>							
Royalties	\$0	\$0	\$6,209	\$0	\$0	\$0	\$6,209
Interest Income	28,513	32,881	18,202	6,812	3,140	8,373	97,921
Interest Expense	(227,944)	(37,312)	0	(4,159)	(48,464)	(20,746)	(338,625)
Premium (Discount) on Debt Restructuring	0	0	0	0	0	0	0
Gain (Loss) on Disposition of Fixed Assets	0	0	0	(133,672)	0	0	(133,672)
Grant	0	0	0	0	0	0	0
Total Nonoperating Income (Expense)	<u>(\$199,431)</u>	<u>(\$4,431)</u>	<u>\$24,411</u>	<u>(\$131,019)</u>	<u>(\$45,324)</u>	<u>(\$12,373)</u>	<u>(\$368,167)</u>
NET INCOME (LOSS)(Before Transfers)	<u>(\$79,482)</u>	<u>(\$71,886)</u>	<u>\$451,716</u>	<u>(\$30,486)</u>	<u>\$130,883</u>	<u>\$358,593</u>	<u>\$759,338</u>
<b>TRANSFERS</b>							0
Operating Transfers In	\$33,400	\$984,274	\$0	\$0	100,813	\$0	\$1,118,487
Operating Transfers (Out)	(34,155)	(100,813)	0	0	0	0	(134,968)
Total Transfers	<u>(\$755)</u>	<u>883,461</u>	<u>\$0</u>	<u>\$0</u>	<u>\$100,813</u>	<u>\$0</u>	<u>\$983,519</u>
NET INCOME (LOSS)	<u>(\$80,237)</u>	<u>\$811,575</u>	<u>\$451,716</u>	<u>(\$30,486)</u>	<u>\$231,696</u>	<u>\$358,593</u>	<u>\$1,742,857</u>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>\$5,676,551</u>	<u>\$6,755,851</u>	<u>\$1,732,010</u>	<u>\$959,267</u>	<u>\$183,379</u>	<u>\$265,195</u>	<u>\$15,572,253</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$5,596,314</u>	<u>\$7,567,426</u>	<u>\$2,183,726</u>	<u>\$928,781</u>	<u>\$415,075</u>	<u>\$623,788</u>	<u>\$17,315,110</u>

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

## CASH FLOWS FROM OPERATING ACTIVITIES

### Cash Flows from Capital Financing Activities

[illegible]

Cash Flows from Investing Activities									
Proceeds From Long-Term Debt	\$0	\$0	\$0	\$280,000	\$650,000	\$0	\$910,000		
Discount on Sale of Bonds	0	0	0	0	0	0	0		
Royalties	0	0	6,209	0	0	0	6,209		
Interest Income	28,513	32,881	18,202	6,812	3,140	8,373	97,921		
Net Cash Flows from Investing Activities	\$28,513	\$32,881	\$24,411	\$266,812	\$653,140	\$8,373	\$1,014,130		
Net Increase (Decrease) in Cash and Cash Equivalents	\$128,529	\$(17,940)	\$379,650	(\$232,749)	\$178,693	\$336,124	\$771,507		
Cash and Cash Equivalents at Beginning of Year	1,463,832	1,754,542	915,181	615,340	91,128	301,794	5,141,817		
Cash and Cash Equivalents at End of Year	\$1,592,361	\$1,736,602	\$1,294,831	\$382,591	\$270,021	\$636,918	\$5,913,324		

Income (Loss) from Operations	\$119,949	(\$67,455)	\$427,305	\$100,533	\$176,207	\$370,986	\$1,127,505
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[illegible]

Noncash Investing, Capital, and Financing Activities:					
Amortization of Bond Discount	\$2,302	\$0	\$0	\$0	\$2,302
Interest - Additional Deduction (Reduced Deduction)	0	0	0	0	0
Total Noncash Investing, Capital, and Financing Activities:	\$2,302	\$0	\$0	(\$117)	(\$15,856)
					(\$13,671)

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, 2009

ASSETS	
Cash	\$51,859
Certificates of Deposits \ Savings	<u>283,687</u>
TOTAL ASSETS	<u>\$335,546</u>
 LIABILITIES AND FUND BALANCE	
Accrued Liabilities	<u>\$51,859</u>
TOTAL LIABILITIES	\$51,859
 NET ASSETS UNRESERVED - UNDESIGNATED	283,687
 TOTAL LIABILITIES AND FUND BALANCE	<u>\$335,546</u>

The accompanying notes are an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

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, 2009

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, 2009

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.

*Main Street* - is used to account for the expenses of the Main Street Program. Principal sources of revenue are grants, City funding, and interest income.

*Debt Service Fund Types* -- accounts for funds used to pay debt service costs. Principal sources of revenue are 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, 2009

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, 2009

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, 2009

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, 2009

## NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 9 – Reserves (Concluded)

	2009	2008
<u>A) Water-Sewer Fund</u>		
Reserve for Sinking Fund 1988 Issue	\$ 799,640	\$ 763,261
Reserve for Depreciation 1988/1985 Issue	\$ 411,000	\$ 411,000
1993 KIA	44,893	44,893
Total Reserves for Depreciation	\$ 455,893	\$ 455,893
<u>B) Gas Fund</u>		
Reserve for Sinking Fund 1976 Issue	\$ 3,105	\$ 3,105
Total Reserves for Debt Service	\$ 3,105	\$ 3,105
<u>C) Sewer Fund</u>		
Reserve for Operations and Maintenance 1995 Sewer Extension	\$ 430,000	\$ 430,000
Reserve for Sinking Fund 1992 KIA	\$ 314,000	\$ 314,000
Reserve for Depreciation Thompson Road Sewer 1992 Issue	\$ 30,570 159,961	\$ 30,570 159,961
Total Depreciation Reserves	\$ 190,531	\$ 190,531
<u>D) Sandy Valley</u>		
Reserve for Depreciation 2007 Series	\$ 21,359	\$ 16,367
<u>E) Mossy Bottom</u>		
Reserve for Sinking Fund KIA Loan # A95-16	\$ 129,150	\$ 129,150
KIA Loan # A00-03	30,000	30,000
Total Reserve for Sinking Fund B23	\$ 159,150	\$ 159,150

CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

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 2009 fiscal year was based, was \$411,257,926 real and \$71,052,398 tangible.

The tax rates assessed for the year ended June 30, 2009 were \$.150 per \$100 valuation for real estate and \$.025 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, 2009 were 97.089% 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, 2009 and 2008 are composed of the following:

<u>Year of Levy</u>	<u>2009 Amount</u>	<u>2008 Amount</u>
2008	\$ 20,506	\$ 0
2007	10,699	17,009
2006	9,206	10,181
2005	9,436	9,724
2004	9,106	9,404
2003	8,278	8,446
2002	6,518	6,687
2001	4,580	4,582
2000	7,774	8,232
1999	6,589	6,589
1998	7,032	7,038
1997	9,270	9,315
1996	9,510	9,510
1995	10,787	10,787
1994	14,460	14,460
1993	9,483	9,483
1992	0	9,129
	<u>\$ 153,234</u>	<u>\$ 150,576</u>
Less: Allowance for doubtful accounts	102,049	100,256
Net Property Taxes Receivable	<u>\$ 51,185</u>	<u>\$ 50,320</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

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.

2009	Gas	Water	Sewer	Sani- tation	Sandy Valley	Mossy Bottom	TOTAL
Total Accounts Receivable	\$ 260,430	\$ 204,092	\$ 109,001	\$ 95,609	\$ 59,598	\$ 54,295	\$ 783,025
Less: Allowance for							
Doubtfull Accounts	8,684	6,805	3,635	3,187	1,987	1,810	26,108
Net Receivables	<u>\$ 251,746</u>	<u>\$ 197,287</u>	<u>\$ 105,366</u>	<u>\$ 92,422</u>	<u>\$ 57,611</u>	<u>\$ 52,485</u>	<u>\$ 756,917</u>

  

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>

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, 2009 and 2008, respectively was \$74,435 and \$71,631.

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, 2009

NOTE B - LONG-TERM DEBT

The following is a summary of bonds and notes payable of the City for the year ended June 30, 2009.

CHANGES IN LONG-TERM DEBT:

DESCRIPTION	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Bonds	\$ 1,030,000	\$ 0	\$ 90,000	\$ 940,000
Revenue Bonds	4,660,583	0	182,944	4,477,639
Less: Discount	(16,653)	0	(2,302)	(14,351)
N/P - KIA A 90-06	763,413	0	184,357	579,056
N/P - KIA - B 291-08	274,995	0	51,879	223,116
N/P - KIA - C 92-04	135,000	0	25,000	110,000
N/P - KIA - B 93-05	221,809	0	32,556	189,253
N/P - KIA - A 94-20	915,503	0	109,704	805,799
N/P - USDA - Rural Development - 91-06	621,500	0	9,000	612,500
N/P - KIA Fund C88-43	0	0	0	0
N/P - KIA Fund C88-44	0	0	0	0
N/P - KIA Fund A95-16	257,982	0	23,085	234,897
N/P - KIA Fund A00-03	796,716	0	52,635	744,081
N/P - KIA Fund 92-12	156,200	0	5,200	151,000
N/P - USDA - Rural Development - 92-14	0	650,000	7,000	643,000
N/P - Citizens National Bank	32,600	0	7,619	24,981
N/P - Community Trust Bank	300,000	0	150,000	150,000
N/P - Community Trust Bank	0	259,120	16,222	242,898
C/L - John Deere	71,520	0	71,520	0
C/L - Kentucky Area Development Districts Financing Trust		130,000	0	130,000
total	<u>\$ 10,221,168</u>	<u>\$ 1,039,120</u>	<u>\$ 1,016,419</u>	<u>\$ 10,243,869</u>

N/P = Note Payable CL = Capitalized Lease

## CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009NOTE B - LONG-TERM DEBT (Continued)

Bonds and notes payable as of June 30, 2009 are comprised of the following:

General Obligation Bonds

\$1,440,000 Series 2003 maturing through 2018, with interest at 3.100% Maturing in June 2018. Payments in the amount of \$90,000 and \$95,000 due in 2010 and 2011 respectively.	\$ 940,000
Total General Obligation Bonds	<u>\$ 940,000</u>

Revenue Bonds

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%. Payments in the amount of \$91,000 and \$96,000 due in 2010 and 2011 respectively.	\$ 2,153,000
\$2,285,000 Series 1998 Refunding Revenue Bonds maturing through 2021, with interest at 4.705% (Estimated average rate over maturity of bonds). Payments in the amount of \$90,000 and \$95,000 due in 2010 and 2011 respectively.	1,565,000
\$781,527 Water and Sewer System Revenue Bonds, Series 2007 maturing through June 1, 2040, with interest at 4.75%. Payments in the amount of \$12,141 and \$12,141 due in 2010 and 2011 respectively.	759,639
Total Revenue Bonds	<u>\$ 4,477,639</u>
Less: Discounts	14,351
Net Revenue Bonds Payable	<u>\$ 4,463,288</u>
Total Bonds Payable	\$ 5,403,288

Notes Payable and Capital Leases

**KENTUCKY INFRASTRUCTURE AUTHORITY** - This note in the amount of \$3,061,787.00 was 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 of \$100,430.86 starting December 1, 1992, and the last payment being on June 1, 2012. 579,056

**KENTUCKY INFRASTRUCTURE AUTHORITY** - This note in the amount of \$225,000 was 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%. Monthly payments are in the amount of \$2,764.79 with last payment due June 2, 2013. 110,000

**KENTUCKY INFRASTRUCTURE AUTHORITY** - This note in the amount of \$897,868.00 was 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. Semi annual payments vary with amounts due of \$29,963.02 and \$29,936.51 due in 2010; and \$29,909.63 and \$29,882.35 due in 2011. 223,116

## CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE B - LONG-TERM DEBT (Continued)

KENTUCKY INFRASTRUCTURE AUTHORITY - This note is for the construction of additions to the City's sewer system. Total loan amount is \$2,114,295. The note will be repaid at an interest rate of 1.2% in semi annual installments starting December 1, 1996, and the last payment being on June 1, 2016. Semi annual payments of \$60,986.50 and \$60,931.15 are due in 2010 and 60,875.47 and \$60,819.46 are due in 2011.	805,799
USDA - RURAL DEVELOPMENT - Loan in the amount of \$668,000 was used 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.	612,500
USDA - RURAL DEVELOPMENT - Loan in the amount of \$650,000 was assumed from Mountain Water District in June 2009 in exchange for assets of the Mossy Bottom Sewer system. The loan is for a term of 38 years, with varying annual installments at an interest rate of 4.125%, with the last installment due January 1, 2046. Payments due for 2010 and 2011 are \$34,023.75 and \$34,214.38, respectively.	643,000
KENTUCKY INFRASTRUCTURE AUTHORITY - This loan in the amount of \$280,770.14 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.	234,897
KENTUCKY INFRASTRUCTURE AUTHORITY - This loan in the amount of \$848,416.47 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.	744,081
USDA - RURAL DEVELOPMENT - This loan in the amount of \$161,300.00 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 principal payments of \$2,600, plus interest, at an interest rate of 4.50%, with the last installment due in January 2038. Payments due for 2010 and 2011 are \$6,056.00 and \$5,997.50; and \$5,939.00 and \$5,880.50, respectively.	151,000
CITIZENS NATIONAL BANK (formerly Kentucky National Bank) - This loan in the amount of \$80,000 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.	24,981
COMMUNITY TRUST BANK - This loan in the amount of \$300,000 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.	150,000
Kentucky Area Development Districts Financing Trust - This loan in the amount of \$130,000 was for the purchase of a garbage truck. The capital lease is for term of one year at a rate of 5% and payment is due May 1, 2010.	130,000
COMMUNITY TRUST BANK - This loan in the amount of \$259,120 was for the purchase of ambulances. The Loan is for a term of 84 months, with monthly installments of \$3,547.23 at an interest rate of 4.045%, with the last payment being due on November 13, 2015.	242,898
Total	\$ 10,243,869

## CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009NOTE B - LONG-TERM DEBT (Continued)  
CURRENT MATURITIES

The maturities of the Bonds Payable are as follows:

Principal Portion

	General Obligation Bonds	Revenue Bonds				TOTAL
		Water	Sewer	Gas	Sandy Valley	
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	105,000	226,000	0	0	13,395	344,395
2015-2019	450,000	1,343,000	0	0	81,567	1,874,567
2020-2024	0	1,168,000	0	0	102,942	1,270,942
2025-2029	0	187,000	0	0	130,473	317,473
2030-2034	0	0	0	0	164,331	164,331
2035-2039	0	0	0	0	210,387	210,387
2040-2044	0	0	0	0	5,529	5,529
Total	<u>\$ 940,000</u>	<u>\$ 3,718,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 759,069</u>	<u>\$ 5,417,069</u>

Interest Portion

	General Obligation Bonds	Revenue Bonds				Total
		Water	Sewer	Gas	Sandy Valley	
2010	\$ 29,295	\$ 182,792	\$ 0	\$ 0	\$ 36,083	\$ 248,170
2011	26,505	174,147	0	0	35,506	236,158
2012	23,560	164,930	0	0	34,929	223,419
2013	20,460	154,998	0	0	34,323	209,781
2014	17,360	144,528	0	0	33,687	195,575
2015-2019	35,805	542,755	0	0	157,688	736,248
2020-2024	0	201,620	0	0	136,401	338,021
2025-2029	0	9,350	0	0	109,483	118,833
2030-2034	0	0	0	0	75,431	75,431
2035-2039	0	0	0	0	32,227	32,227
2040-2044	0	0	0	0	263	263
Total	<u>\$ 152,985</u>	<u>\$ 1,575,120</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 686,021</u>	<u>\$ 2,414,126</u>

## CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

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
2010	\$ 191,445	\$ 510,325	\$ 701,770	\$ 125,985	\$ 827,755
2011	43,319	520,423	563,742	105,518	669,260
2012	44,465	535,215	579,680	91,883	671,563
2013	37,651	343,189	380,840	79,023	459,863
2014	39,203	259,798	299,001	71,651	370,652
2015-2019	61,797	814,311	876,108	301,562	1,177,670
2020-2024	0	331,439	331,439	237,062	568,501
2025-2029	0	202,500	202,500	193,012	395,512
2030-2034	0	245,000	245,000	145,353	390,353
2035-2039	0	290,000	290,000	87,938	377,938
2040-2044	0	177,500	177,500	23,708	201,208
Total	<u>\$ 417,880</u>	<u>\$ 4,229,700</u>	<u>\$ 4,647,580</u>	<u>\$ 1,462,695</u>	<u>\$ 6,110,275</u>

NOTE C - LEASE COMMITMENTS

PITNEY BOWES - A three year lease 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.

The related future minimum lease payments are as follows:

2009	\$ 6180
2010	6180
2011	3090
2012	0
2013	0
2014	0
	<u>\$ 15450</u>

## CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009NOTE D – CHANGES IN CAPITAL ASSETS

The following is a summary of changes in the Capital Assets as of June 30, 2009.

CHANGES IN FIXED ASSETS – GOVERNMENTAL ACTIVITIESASSETS

Description	Beginning Cost	Additions	Deletions	Ending Cost
Property, Plant, and Equipment	\$ 21,432,346	\$ 584,530	\$ 0	\$ 22,016,876
Land	10,704,062	0	0	10,704,062
Vehicles	3,136,147	348,027	0	3,484,174
Equipment	2,959,553	133,147	20	3,092,680
Infrastructure	36,324,145	0	0	36,324,145
Construction In Progress	511,924	1,979,750	0	2,491,674
TOTALS	<u>\$ 75,068,177</u>	<u>\$ 3,045,454</u>	<u>\$ 20</u>	<u>\$ 78,113,611</u>

ACCUMULATED DEPRECIATION

Description	Beginning Balance	Current Provisions	Deletions	Ending Balance
Property, Plant, and Equipment	\$ 5,531,328	\$ 685,639	\$ 0	\$ 6,216,967
Vehicles	2,441,203	287,898	0	2,729,101
Equipment	2,124,917	173,782	0	2,298,699
Infrastructure	22,374,282	906,037	0	23,280,319
TOTALS	<u>\$ 32,471,730</u>	<u>\$ 2,053,356</u>	<u>\$ 0</u>	<u>\$ 34,525,086</u>
NET ASSETS	<u>\$ 42,596,447</u>			<u>\$ 43,588,525</u>

Depreciation expense was charged to Governmental Activities

General Government	\$ 754,815
Public Safety	242,698
Streets	997,136
Recreation and Parks	58,707
Total Depreciation Expense Governmental Activities	<u>\$ 2,053,356</u>

## CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

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, 2009.

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	189,915	11,252	0	201,167
Vehicles	110,050	0	0	110,050
TOTALS	\$ 2,518,627	\$ 11,252	\$ 0	\$ 2,529,879

ACCUMULATED DEPRECIATION

Description	Beginning Balance	Current Provisions	Deletions	Ending Balance
Plant and Distribution System	\$ 1,591,403	\$ 61,515	\$ 0	\$ 1,652,918
Equipment	142,806	12,032	0	154,838
Vehicles	91,880	4,759	0	96,639
TOTALS	\$ 1,826,089	\$ 78,306	\$ 0	\$ 1,904,395
NET ASSETS	\$ 692,538			\$ 625,484

CHANGES IN FIXED ASSETS - WATERASSETS

Description	Beginning Cost	Additions	Deletions	Ending Cost
Plant and Distribution System	\$ 16,183,105	\$ 71,925	\$ 0	\$ 16,255,030
Equipment	505,611	0	0	505,611
Vehicles	125,166	44,314	0	169,480
TOTALS	\$ 16,813,882	\$ 116,239	\$ 0	\$ 16,930,121

ACCUMULATED DEPRECIATION

Description	Beginning Balance	Current Provisions	Deletions	Ending Balance
Plant and Distribution System	\$ 7,490,543	\$ 478,965	\$ 0	\$ 7,969,508
Equipment	451,246	22,023	0	473,269
Vehicles	106,251	16,888	0	123,139
TOTALS	\$ 8,048,040	\$ 517,876	\$ 0	\$ 8,565,916
NET ASSETS	\$ 8,765,842			\$ 8,364,205

## CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

## 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	143,942	72,801	0	216,743
Vehicles	71,042	0	0	71,042
Construction In Progress	0	744,120	0	744,120
TOTALS	\$ 14,193,051	\$ 816,921	\$ 0	\$ 15,009,972

ACCUMULATED DEPRECIATION

Description	Beginning Balance	Current Provisions	Deletions	Ending Balance
Plant and Distribution System	\$ 7,111,045	\$ 331,872	\$ 0	\$ 7,442,917
Equipment	114,999	11,994	0	126,993
Vehicles	52,309	10,129	0	62,438
TOTALS	\$ 7,278,353	\$ 353,995	\$ 0	\$ 7,632,348
NET ASSETS	\$ 6,914,698			\$ 7,377,624

## CHANGES IN FIXED ASSETS - SANITATION

ASSETS

Description	Beginning Cost	Additions	Deletions	Ending Cost
Property and Plant	\$ 135,017	\$ 0	\$ 0	\$ 135,017
Equipment	179,195	14,040	0	193,235
Vehicles	516,248	366,503	0	882,751
TOTALS	\$ 830,460	\$ 380,543	\$ 0	\$ 1,211,003

ACCUMULATED DEPRECIATION

Description	Beginning Balance	Current Provisions	Deletions	Ending Balance
Property and Plant	\$ 28,159	\$ 6,220	\$ 0	\$ 34,379
Equipment	129,311	15,936	0	145,247
Vehicles	426,041	56,184	0	482,225
TOTALS	\$ 583,511	\$ 78,340	\$ 0	\$ 661,851
NET ASSETS	\$ 246,949			\$ 549,152



## CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

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

## CHANGES IN FIXED ASSETS – SANDY VALLEY

## ASSETS

Description	Beginning	Additions	Deletions	Ending Cost
Distribution-System	\$ 745,027	\$ 0	\$ 0	\$ 745,027
Equipment	43,268	0	0	43,268
TOTALS	\$ 788,295	\$ 0	\$ 0	\$ 788,295

## ACCUMULATED DEPRECIATION

Description	Beginning	Additions	Deletions	Ending
Distribution System	\$ 21,730	\$ 17,073	\$ 0	\$ 38,803
Equipment	9,306	7,933	0	17,239
TOTALS	\$ 31,036	\$ 25,006	\$ 0	\$ 56,042
NET ASSETS	\$ 757,259			\$ 732,253

## CHANGES IN FIXED ASSETS – MOSSY BOTTOM

## ASSETS

Description	Beginning	Additions	Deletions	Ending Cost
Distribution System	\$ 1,290,487	\$ 650,000	\$ 0	\$ 1,940,487
Equipment	6,768	0	0	6,768
TOTALS	\$ 1,290,487	\$ 650,000	\$ 0	\$ 1,947,255

## ACCUMULATED DEPRECIATION

Description	Beginning	Current	Deletions	Ending
Distribution System	\$ 34,951	\$ 33,616	\$ 0	\$ 68,567
Equipment	790	1,240	0	2,030
TOTALS	\$ 34,951	\$ 34,856	\$ 0	\$ 70,597
NET ASSETS	\$ 1,255,536			\$ 1,876,658

## NET ASSETS PROPRIETARY FUNDS

FUND	Beginning Net Assets	Ending Net Assets
GAS	\$ 692,538	\$ 625,484
WATER	8,765,842	8,364,205
SEWER	6,914,698	7,377,624
SANITATION	246,949	549,152
SANDY VALLEY WATER	757,259	732,253
MOSSY BOTTOM	1,255,536	1,876,658
	\$ 18,632,822	\$ 19,525,376

CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

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.

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**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 2009 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, 2009

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](http://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 2009, 2008 and 2007 the year was \$2,895,721, \$2,924,438 and \$2,594,030 respectively.	2009	5.00%	13.50%	\$45,851	\$123,797
	2008	5.00%	16.17%	\$43,448	\$140,511
	2007	5.00%	13.19%	\$38,828	\$102,428

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.

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.

Year	Rate – Hazardous		Amount	
	Employee	Employer	Employee	Employer
2009	8.00%	29.50%	\$143,066	\$527,285
2008	8.00%	33.87%	\$149,237	\$631,833
2007	8.00%	28.21%	\$146,078	\$517,580

Year	Total Amount	
	Employee	Employer
2009	\$188,917	\$651,082
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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE L - RETIREMENT PLAN (concluded)

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.

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:

<u>Year</u>	<u>457</u>	<u>401 (k)</u>
2009	\$14,685	\$6,665
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, 2009, the carrying amount of the City's deposits with financial institutions was \$13,231,651 and the bank balance, per statements, was \$13,570,006. The bank balance is categorized as follows:

Amount insured by the FDIC	\$	1,000,000
Amount collateralized with securities held by third party in the City's name		12,570,006
Uncollateralized (\$ 0 of this amount is collateralized with securities held by the pledging financial institution)		0
Total Bank Balance	\$	<u>13,570,006</u>

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE P - 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 \$400 per month.

**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.

**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 on 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 \$10,917.43 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.

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

**Pikeville College** -- Use of Hambley complex 2955.00 per month.

CITY OF PIKEVILLE, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE Q – INTER FUND RECEIVABLES AND PAYABLES  
There were no Inter-fund balances at June 30, 2009.

NOTE R – INTER FUND TRANSFERS

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Projects Control	Fixed Assets Construction	\$ 685,000
General	Football Field Debt Service	Debt Service	122,085
General	Sewer	Debt Service	206,000
General	Main Street	Operating	15,957
Coal Severance	General	Operating	300,000
Coal Severance	Water	Operating	33,400
Coal Severance	Projects Control	Operating	795,000
Projects	Sewer	Fixed Assets	744,120
Detective Arrest-Federal	State Police Case	Operating	12,653
Water	Sewer	Debt Service	34,154
Sewer	Mossy Bottom Sewer	Operating	100,813
			<u>\$ 3,049,182</u>

NOTE S – 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 T – 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, 2009

**Wallen and Cornett, PSC**

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 1349

PIKEVILLE, KENTUCKY 41502



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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, 2009, 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.



Page2

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.



Certified Public Accountants  
Pikeville, Kentucky

February 15, 2010

CITY OF PIKEVILLE, KENTUCKY

INDIVIDUAL MAJOR FUND FINANCIAL STATEMENTS

For the year ended June 30, 2009

**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, 2009 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 and combining 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

February 15, 2010

## CITY OF PIKEVILLE, KENTUCKY

GENERAL FUND  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>				
Ad Valorem Taxes				
Property Taxes	\$558,300	\$726,300	\$785,774	59,474
Housing Authority Property Tax	23,000	23,000	23,569	569
Franchise Bank Deposit Tax	153,000	153,000	131,963	(21,037)
Franchise				
Franchise Tax	24,000	24,000	27,401	3,401
Franchise Fees	330,000	412,000	412,891	891
Franchise Cable	41,000	41,000	40,993	(7)
Occupational License Taxes & Fees				
Payroll Taxes - Individuals	5,000,000	5,115,000	5,838,277	723,277
Business Licenses	300,000	650,000	748,805	98,805
Penalties and Interest	40,000	40,000	57,992	17,992
Other Taxes				
ABC Licenses	165,000	177,000	176,208	(792)
Off Track Betting	24,000	70,000	36,118	(33,882)
Hotel/Motel Tax	128,000	167,000	166,948	(52)
Permits and Fees				
Building Permits	12,000	17,000	16,894	(106)
Other Permits	6,600	6,600	5,882	(718)
Electrical Inspection Fees	25,000	25,000	31,209	6,209
Grants-Federal				
HIDTA	53,000	53,000	71,571	18,571
Grants - State				
KLEPPF Police Incentive	86,000	86,000	79,665	(6,335)
Fire Incentive	97,000	97,000	100,518	3,518
VFD Allotment	1,000	1,000	0	(1,000)
DOT Gasoline Tax	80,000	100,000	118,649	18,649
Court Citations	4,700	6,200	6,514	314
Base Court Revenue	25,000	25,000	20,133	(4,867)
Mineral Tax	0	3,000	2,001	(999)
Other State Grants	10,000	84,000	5,226	(78,774)
Grants - Local				
Pike County Bd of Educ. / Locker Room	9,600	9,600	8,800	(800)
Pike County Bd of Educ. / Athletic Complex	56,940	56,940	52,195	(4,745)
Interest Income				
Penalties & Interest - Property Taxes	8,190	8,190	8,762	572
Interest Income	30,000	30,000	104,761	74,761
Other Revenue				
911 Fees	50,000	50,000	41,148	(8,852)
Shuttle Revenue	0	0	0	0
Fire Employee Fund	2,500	2,500	2,163	(337)
Ambulance Fund	300,000	335,000	371,627	36,627
Parking Violations	40,000	50,000	102,867	52,867
Concession and Vending	5,500	5,500	4,542	(958)
Swim Team	0	0	4,455	4,455
Rent	17,916	31,606	42,114	10,508
Litter Abatement	0	6,460	6,456	(4)
Parking Garage	4,300	4,300	90,662	86,362
Other Miscellaneous	80,460	109,651	153,988	44,337
<b>TOTAL REVENUES</b>	<b>\$7,792,006</b>	<b>\$8,801,847</b>	<b>\$9,899,741</b>	<b>\$1,097,894</b>

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, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES				
General Government				
Personnel Cost				
Salaries and Wages	\$517,076	\$554,076	\$538,584	\$15,492
Payroll Taxes	45,000	40,000	29,487	10,513
Insurance	60,000	100,000	95,627	4,373
Pensions	75,000	70,000	50,350	19,650
Insurance - Workers Comp	9,500	9,500	10,584	(1,084)
Rent	3,500	7,000	6,572	428
Supplies	44,050	68,050	53,216	14,834
Telephone	54,000	49,420	46,494	2,926
Power, Lights and Heat	58,000	53,000	35,752	17,248
Automotive - Fuel	6,000	6,000	4,242	1,758
Automotive - Repairs & Maintenance	6,000	6,000	2,834	3,166
Insurance	42,340	42,340	29,196	13,144
Advertising	96,000	91,750	96,678	(4,928)
Professional Services - Accounting	45,000	105,500	122,005	(16,505)
Professional Services - Engineering	40,000	50,000	60,029	(10,029)
Professional Services - Training	7,000	7,000	6,415	585
Professional Services - Other	40,000	33,000	31,079	1,921
Tax Commissioners Statutory Fee	25,700	25,700	26,469	(769)
Repairs and Maintenance	38,800	65,300	52,065	13,235
Travel	11,100	11,100	9,462	1,638
Postage and Freight	17,000	17,000	14,178	2,822
Dues and Subscriptions	7,800	8,200	8,721	(521)
Bank Service Charges	2,000	2,000	2,054	(54)
Refunds	49,200	73,200	54,718	18,482
Fixed Asset Purchased / Construction	140,600	172,816	579,354	(406,538)
Miscellaneous	63,620	292,440	168,227	124,213
Provision for Bad Debts	0	0	19,473	(19,473)
Total General Government	<u>\$1,504,286</u>	<u>\$1,960,392</u>	<u>\$2,153,865</u>	<u>(\$193,473)</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, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Public Safety				
Police Department				
Personnel Costs				
Salaries and Wages	\$976,000	\$970,000	\$967,152	\$2,848
Payroll Taxes	64,000	64,000	54,664	9,336
Insurance	115,000	182,000	151,946	30,054
Pensions	260,000	261,000	259,177	1,823
Insurance - Workers Comp	47,000	47,000	57,416	(10,416)
Rent	0	2,708	2,172	536
Supplies	14,750	19,750	15,152	4,598
Telephone	16,000	16,900	16,866	34
Power, Lights and Heat	9,500	11,800	9,474	2,326
Automotive - Fuel	75,000	75,000	50,407	24,593
Automotive - Repairs & Maintenance	50,000	50,000	30,762	19,238
Insurance	49,000	49,000	38,972	10,028
Advertising	1,000	1,000	416	584
Professional Services	6,700	6,700	5,077	1,623
Professional Services - Training	4,000	4,000	4,088	(88)
Uniforms	38,350	38,350	27,257	11,093
Repairs and Maintenance	36,210	36,210	6,838	29,372
Travel	7,500	8,500	5,322	3,178
Postage and Freight	1,000	1,000	894	106
Dues and Subscriptions	600	600	200	400
D. A. R. E. PROGRAM	4,000	4,000	2,194	1,806
Miscellaneous	11,140	10,140	7,753	2,387
Equipment	30,000	125,500	11,294	114,206
Total Police Department	\$1,816,750	\$1,985,158	\$1,725,493	\$259,665
Community Oriented Policing Grant (COPS)				
Advertising	\$0	\$0	\$0	\$0
Insurance	0	0	0	0
Total Community Oriented Policing	\$0	\$0	\$0	\$0

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, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Fire Department				
Personnel Costs				
Salaries and Wages	\$1,088,000	\$1,088,000	\$1,046,767	\$41,233
Payroll Taxes	75,000	75,000	60,480	14,520
Insurance	160,000	190,000	186,293	3,707
Pensions	310,000	300,000	289,462	10,538
Insurance - Workers Comp	61,000	61,000	55,177	5,823
Supplies	21,500	23,000	22,800	200
Telephone	6,100	8,100	8,006	94
Power, Lights and Heat	19,000	20,000	17,410	2,590
Automotive - Fuel	14,000	14,000	10,958	3,042
Automotive - Repairs & Maintenance	30,000	30,000	24,600	5,400
Insurance	35,000	35,000	29,400	5,600
Advertising	400	400	0	400
Professional Services	3,750	13,250	10,998	2,252
Professional Services - Training	3,000	5,500	1,972	3,528
Uniforms	39,300	39,300	32,917	6,383
Repairs and Maintenance	31,400	33,400	16,723	16,677
Travel	3,000	4,000	935	3,065
Postage and Freight	0	700	163	537
Dues and Subscriptions	500	500	0	500
VFD Allotment	5,000	5,000	1,743	3,257
Fire Prevention	2,500	3,300	2,466	834
Miscellaneous	2,100	310	278	32
Equipment	11,200	22,200	11,322	10,878
Total Fire Department	<u>\$1,921,750</u>	<u>\$1,971,960</u>	<u>\$1,830,870</u>	<u>\$141,090</u>
Ambulance Service				
Personnel Costs	\$0	\$0	\$0	\$0
Rent	0	0	0	0
Supplies	16,200	16,200	12,914	3,286
Telephone	2,500	2,500	1,670	830
Power, Lights and Heat	0	0	0	0
Automotive - Fuel	13,000	13,000	9,923	3,077
Automotive - Repairs & Maintenance	20,000	20,000	10,407	9,593
Insurance	10,200	10,700	9,081	1,619
Advertising	200	200	0	200
Professional Services	33,000	44,500	41,462	3,038
Professional Services - Training	3,500	3,500	75	3,425
Uniforms	0	0	0	0
Repairs and Maintenance	1,000	1,000	0	1,000
Travel	0	0	0	0
Postage and Freight	0	0	0	0
Dues and Subscriptions	600	600	0	600
Miscellaneous	0	0	0	0
Refunds	10,000	7,000	3,144	3,856
Equipment	16,000	277,520	261,971	15,549
Total Ambulance Service	<u>\$126,200</u>	<u>\$396,720</u>	<u>\$350,647</u>	<u>\$46,073</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, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Emergency Shelter				
Professional Services	\$60,000	\$60,000	\$60,000	\$0
Miscellaneous	0	0	0	0
Total Emergency Shelter	\$60,000	\$60,000	\$60,000	\$0
Codes				
Personnel Costs				
Salaries and Wages	\$38,000	\$38,700	\$36,474	\$2,226
Payroll Taxes	2,200	2,245	2,151	94
Insurance	4,900	10,200	10,183	17
Pensions	6,000	6,000	4,924	1,076
Insurance - Workers Comp	1,000	1,000	129	871
Supplies	1,250	1,250	40	1,210
Telephone	600	600	565	35
Automotive - Fuel	200	2,500	2,052	448
Automotive - Repairs & Maintenance	1,100	4,100	4,047	53
Insurance	2,000	2,000	1,500	500
Advertising	700	700	89	611
Professional Services - Electrical Ins.	35,000	44,100	27,672	16,428
Professional Services	1,720	1,720	140	1,580
Uniforms	350	350	0	350
Repairs and Maintenance	0	0	0	0
Travel	1,200	2,400	2,036	364
Dues and Subscriptions	1,400	1,400	901	499
Refund of Inspection Fees	0	325	315	10
Miscellaneous	1,500	1,500	703	797
Equipment	2,000	3,000	2,576	424
Total Codes	\$101,120	\$124,090	\$96,497	\$27,593

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, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
911				
Personnel Costs	\$0	\$0	\$0	\$0
Rent	0	0	0	0
Telephone	20,000	19,000	14,856	4,144
Insurance	2,750	2,750	2,700	50
Advertising	0	0	0	0
Professional Services	11,250	11,550	6,362	5,188
Repairs and Maintenance	8,500	14,500	4,840	9,660
Travel	0	0	0	0
Miscellaneous	0	0	1	(1)
Equipment	6,000	24,000	23,829	171
Total 911	\$48,500	\$71,800	\$52,588	\$19,212
Dispatch Service				
Personnel Costs				
Salaries and Wages	\$220,600	\$218,100	\$169,645	\$48,455
Payroll Taxes	16,000	16,000	11,821	4,179
Insurance	36,000	40,900	40,859	41
Pensions	34,000	34,000	22,934	11,066
Insurance - Workers Comp	2,500	2,500	714	1,786
Rent	0	0	0	0
Supplies	2,100	2,100	2,072	28
Telephone	1,400	2,400	2,561	(161)
Automotive - Fuel	100	100	146	(46)
Insurance	2,000	2,000	1,920	80
Advertising	500	1,000	652	348
Professional Services	700	2,350	2,428	(78)
Uniforms	3,000	2,850	3,073	(223)
Repairs and Maintenance	675	13,875	9,074	4,801
Travel	1,500	2,000	1,567	433
Dues and Subscriptions	150	190	120	70
Miscellaneous	340	180	80	100
Equipment	4,000	4,000	1,040	2,960
Total Dispatch Service	\$325,565	\$344,545	\$270,706	\$73,839
Total Public Safety	\$4,399,885	\$4,954,273	\$4,386,801	\$567,472

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, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Streets Department				
Power, Lights and Heat	\$180,000	\$180,000	\$190,435	(\$10,435)
Automotive - Repairs & Maintenance	0	4,560	4,560	0
Insurance	29,000	29,000	23,523	5,477
Management Fees - PSG	660,747	672,397	672,378	19
Professional Services	10,000	500	398	102
Repairs and Maintenance	120,000	190,000	181,602	8,398
Miscellaneous	0	3,000	1,406	1,594
Street Construction	20,000	20,000	19,323	677
Equipment	30,000	36,000	35,948	52
Total Streets	\$1,049,747	\$1,135,457	\$1,129,573	\$5,884
Parking Garage				
Supplies	\$1,000	\$1,000	\$0	\$1,000
Telephone	0	3,000	2,291	709
Power, Lights and Heat	33,600	37,500	40,946	(3,446)
Insurance	8,200	8,200	8,200	0
Professional Services	0	0	0	0
Repairs and Maintenance	20,100	22,100	11,322	10,778
Equipment	10,000	7,800	0	7,800
Total Parking Garage	\$72,900	\$79,600	\$62,759	\$16,841
Recreation				
Parks Department				
Personnel Costs				
Salaries and Wages	\$6,000	\$0	\$0	\$0
Payroll Taxes	460	0	0	0
Insurance	0	0	0	0
Pensions	0	0	0	0
Insurance - Workers Comp	0	0	0	0
Rent	600	600	0	600
Supplies	2,000	4,100	4,628	(528)
Telephone	570	3,370	2,000	1,370
Power, Lights and Heat	51,210	60,910	65,502	(4,592)
Automotive - Fuel	2,500	2,500	0	2,500
Automotive - Repairs & Maintenance	0	0	0	0
Insurance	22,400	22,400	11,580	10,820
Advertising	0	0	0	0
Professional Services	324,466	328,816	328,802	14
Uniforms	0	0	0	0
Repairs and Maintenance	56,540	90,000	72,654	17,346
Travel	0	0	0	0
Animal Control	0	0	0	0
Miscellaneous	0	0	0	0
Equipment	23,500	54,600	61,996	(7,396)
Total Parks Department	\$490,246	\$567,296	\$547,162	\$20,134

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, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Pool Department				
Personnel Costs				
Salaries and Wages	\$3,000	\$3,450	\$3,450	\$0
Payroll Taxes	185	185	0	185
Insurance - Workers Comp	0	0	0	0
Supplies	4,000	8,000	5,493	2,507
Telephone	420	420	0	420
Power, Lights and Heat	6,000	9,000	7,706	1,294
Insurance	3,500	3,500	3,300	200
Advertising	0	0	0	0
Professional Services	24,500	25,017	25,008	9
Uniforms	0	0	0	0
Repairs and Maintenance	35,000	50,500	46,745	3,755
Refunds	0	0	0	0
Miscellaneous	0	0	0	0
Equipment	2,500	2,500	0	2,500
Total Pool Department	\$79,105	\$102,572	\$91,702	\$10,870
Total Recreation	\$569,351	\$669,868	\$638,864	\$31,004
Lake Cleanup				
Personnel Costs				
Salaries and Wages	\$35,000	\$25,000	\$15,383	\$9,617
Payroll Taxes	5,000	2,500	1,118	1,382
Insurance	0	0	0	0
Pensions	5,000	5,000	2,077	2,923
Insurance - Workers Comp	1,000	1,000	1,906	(906)
Supplies	1,000	1,000	258	742
Insurance	2,800	2,800	2,196	604
Power, Lights and Heat	20,000	28,800	31,057	(2,257)
Advertising	0	0	0	0
Professional Services	0	0	0	0
Repairs and Maintenance	15,000	25,000	2,385	22,615
Miscellaneous	400	400	1	399
Equipment	23,500	53,375	29,938	23,437
Total Lake Cleanup	\$108,700	\$144,875	\$86,319	\$58,556

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, 2009

	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	900	1,650
Advertising	0	0	0	0
Professional Services	178,600	190,260	95,121	95,139
Automotive - Maintenance	0	0	0	0
Repairs and Maintenance	10,000	10,000	368	9,632
Supplies	0	0	0	0
Telephone	0	0	0	0
Power, Lights and Heat	500	10,500	7,680	2,820
Uniforms	0	0	0	0
Travel	0	0	0	0
Miscellaneous	0	0	0	0
Equipment	2,500	2,500	0	2,500
Total Landscape	\$194,150	\$215,810	\$104,069	\$111,741
Grants / Loan Advances				
Tourism Commission	106,000	158,550	158,538	12
Big Sandy Area Development	1,500	1,500	0	1,500
Pike County Airport Board	0	0	0	0
Pikeville Main Street Program	0	35,000	0	35,000
Sandy Valley Transportation	25,700	0	0	0
Total Debt Service	\$133,200	\$195,050	\$158,538	\$36,512
Debt Service				
Principal Paid	\$41,200	\$612,200	\$157,599	\$454,601
Interest Paid	12,640	23,890	37,864	(13,974)
Total Debt Service	\$53,840	\$636,090	\$195,463	\$440,627
Total Expenditures	\$8,086,059	\$9,991,415	\$8,916,251	\$1,075,164
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(\$294,053)	(\$1,189,568)	\$983,490	\$2,173,058
OTHER FINANCING SOURCES (USES)				
Operating Transfer In	\$0	\$300,000	\$300,000	\$0
Operating Transfer Out	(325,720)	(435,720)	(1,029,042)	(593,322)
Loan Proceeds	0	0	259,076	259,076
Proceeds from Sale of Fixed Assets	0	300,000	35,750	264,250
Total Other Financing Sources (Uses)	(\$325,720)	\$164,280	(\$434,216)	(\$69,996)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	(\$619,773)	(\$1,025,288)	\$549,274	\$1,574,562
FUND BALANCE-BEGINNING OF YEAR			5,131,344	
FUND BALANCE-END OF YEAR			\$5,680,618	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Intergovernmental Revenue	\$1,770,000	\$890,000	\$1,090,138	\$200,138
Other Grants	760,000	0	529	529
Interest Income	6,000	6,000	40,060	34,060
<b>TOTAL REVENUES</b>	<b>\$2,536,000</b>	<b>\$896,000</b>	<b>\$1,130,727</b>	<b>\$234,727</b>
<b>EXPENDITURES</b>				
Current				
General Government	\$42,000	\$42,000	\$0	\$42,000
Grants / Loan Advances				
Big Sandy Heritage Center	45,000	45,000	25,000	
Senior Citizens Center	15,000	15,000	15,000	
Capital Outlay	2,506,950	1,587,150	388,200	1,198,950
Debt Service				
Principal	0	0	71,520	71,520
Interest	0	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>\$2,608,950</b>	<b>\$1,689,150</b>	<b>\$499,720</b>	<b>\$1,312,470</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(\$72,950)</b>	<b>(\$793,150)</b>	<b>\$631,007</b>	<b>\$1,547,197</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Long-Term Debt	\$0	\$0	\$0	\$0
Operating Transfers In	0	0	0	0
Operating Transfers Out	0	(300,000)	(1,128,400)	(828,400)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$0</b>	<b>(\$300,000)</b>	<b>(\$1,128,400)</b>	<b>(\$828,400)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</b>	<b>(\$72,950)</b>	<b>(\$1,093,150)</b>	<b>(\$497,393)</b>	<b>\$718,797</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			1,649,223	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$1,151,830</b>	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Water Sales	\$2,410,780	2,523,980	\$2,313,263	(210,717)
Service Charges	22,000	22,000	26,394	4,394
Penalties and Services	8,600	9,100	10,468	1,368
Water Tap Fees	20,000	20,000	8,220	(11,780)
Miscellaneous	6,500	6,500	0	(6,500)
<b>TOTAL REVENUE</b>	<b>\$2,467,880</b>	<b>\$2,581,580</b>	<b>\$2,358,345</b>	<b>(\$223,235)</b>
<b>OPERATING EXPENSES</b>				
Personnel Costs	\$26,900	\$30,400	\$28,234	\$2,166
Contractual Service	1,484,760	1,489,260	1,470,620	18,640
Operational	44,282	155,392	145,647	9,745
Repairs and Maintenance	377,000	397,890	79,444	318,446
Provision For Bad Debts	0	0	(3,425)	3,425
Depreciation	40,000	40,000	517,876	(477,876)
<b>Total Operating Expenses</b>	<b>\$1,972,942</b>	<b>\$2,112,942</b>	<b>\$2,238,396</b>	<b>(\$125,454)</b>
<b>Operating Income (Loss)</b>	<b>\$494,938</b>	<b>\$468,638</b>	<b>\$119,949</b>	<b>(\$348,689)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Income	\$28,000	\$28,000	\$28,513	\$513
Interest Expense	(240,000)	(248,000)	(227,944)	20,056
Premium (Discount) on Debt Restructuring	0	0	0	0
Grant	0	0	0	0
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(\$212,000)</b>	<b>(\$220,000)</b>	<b>(\$199,431)</b>	<b>\$20,569</b>
<b>NET INCOME (LOSS)(Before Transfers)</b>	<b>\$282,938</b>	<b>\$248,638</b>	<b>(\$79,482)</b>	<b>(\$328,120)</b>
<b>TRANSFERS</b>			46,830	
Operating Transfers In	\$0	\$0	\$33,400	\$33,400
Operating Transfers (Out)	800	0	(34,155)	(34,155)
<b>Total Transfers</b>	<b>\$800</b>	<b>\$0</b>	<b>\$46,075</b>	<b>(\$755)</b>
<b>NET INCOME (LOSS)</b>	<b>\$283,738</b>	<b>\$248,638</b>	<b>(\$33,407)</b>	<b>(\$328,875)</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>			5,676,551	
<b>NET ASSETS - END OF YEAR</b>			<b>\$5,643,144</b>	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Sewer Service Charges	\$1,320,400	\$1,330,400	\$1,140,411	(\$189,989)
Penalties and Services	8,500	8,500	7,197	(1,303)
Water and Sewer Tap Fees	7,500	7,500	8,500	1,000
Miscellaneous Revenues	0	6,181	9,347	3,166
<b>TOTAL REVENUE</b>	<b>\$1,336,400</b>	<b>\$1,352,581</b>	<b>\$1,165,455</b>	<b>(\$187,126)</b>
<b>OPERATING EXPENSES</b>				
Personnel Costs	\$32,000	\$37,175	\$29,866	\$7,309
Contractual Service	665,400	672,900	667,388	5,512
Operational	55,857	71,607	50,568	21,039
Repairs and Maintenance	407,500	332,500	131,440	201,060
Provision For Bad Debts	0	0	(347)	347
Depreciation	25,000	5,000	353,995	(348,995)
<b>Total Operating Expenses</b>	<b>\$1,185,757</b>	<b>\$1,119,182</b>	<b>\$1,232,910</b>	<b>(\$113,728)</b>
<b>Operating Income (Loss)</b>	<b>\$150,643</b>	<b>\$233,399</b>	<b>(\$67,455)</b>	<b>(\$300,854)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Income	\$31,200	\$31,200	\$32,881	\$1,681
Interest Expense	(32,160)	(32,160)	(37,312)	(5,152)
Premium (Discount) on Debt Restructuring	0	0	0	0
Gain (Loss) on Disposition of Assets	0	0	0	0
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(\$960)</b>	<b>(\$960)</b>	<b>(\$4,431)</b>	<b>(\$3,471)</b>
<b>NET INCOME (LOSS) Before Transfers</b>	<b>\$149,683</b>	<b>\$232,439</b>	<b>(\$71,886)</b>	<b>(\$304,325)</b>
<b>TRANSFERS</b>				
Operating Transfers In	\$206,000	\$206,000	984,274	\$778,274
Operating Transfers (Out)	10,826	(85,574)	(100,813)	(15,239)
<b>Total Transfers</b>	<b>\$216,826</b>	<b>\$120,426</b>	<b>\$883,461</b>	<b>\$763,035</b>
<b>NET INCOME (LOSS)</b>	<b>\$366,509</b>	<b>\$352,865</b>	<b>\$811,575</b>	<b>\$458,710</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>			6,755,851	
<b>NET ASSETS - END OF YEAR</b>			<u>\$7,567,426</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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Gas Sales	\$2,504,000	\$2,508,100	\$2,803,041	\$294,941
Penalties & Service Charges	16,080	16,080	12,786	(3,294)
Tap Fees	6,500	6,500	6,500	0
Miscellaneous	0	0	0	0
<b>TOTAL REVENUES</b>	<b>\$2,526,580</b>	<b>\$2,530,680</b>	<b>\$2,822,327</b>	<b>\$291,647</b>
<b>OPERATING EXPENSES</b>				
Personnel Costs	\$34,800	\$37,650	\$35,425	\$2,225
Gas Purchased	1,834,000	1,824,000	1,747,744	76,256
Contractual Services	460,142	466,292	453,095	13,197
Repairs and Maintenance	120,500	119,800	41,227	78,573
Operational	54,820	60,920	35,538	25,382
Bad Debts	0	0	3,687	(3,687)
Depreciation	35,000	35,000	78,306	(43,306)
<b>Total Operating Expenses</b>	<b>\$2,539,262</b>	<b>\$2,543,662</b>	<b>\$2,395,022</b>	<b>\$148,640</b>
<b>Operating Income</b>	<b>(\$12,682)</b>	<b>(\$12,982)</b>	<b>\$427,305</b>	<b>\$440,287</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Royalties	\$5,000	\$5,000	\$6,209	\$1,209
Interest Revenue	8,000	8,000	18,202	10,202
Interest Expense	(0)	(0)	0	0
Gain (Loss) on Disposition of Assets	0	0	0	0
<b>Total Nonoperating Revenue (Expense)</b>	<b>\$13,000</b>	<b>\$13,000</b>	<b>\$24,411</b>	<b>\$11,411</b>
<b>NET INCOME (LOSS) Before Transfers</b>	<b>\$318</b>	<b>\$18</b>	<b>\$451,716</b>	<b>\$451,698</b>
<b>TRANSFERS</b>				
Operating Transfers In	\$0	\$0	\$0	\$0
Operating Transfers (Out)	(0)	(0)	0	0
<b>Total Transfers</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>NET INCOME (LOSS)</b>	<b>\$318</b>	<b>\$18</b>	<b>\$451,716</b>	<b>\$451,698</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>			<b>\$1,732,010</b>	
<b>NET ASSETS - END OF YEAR</b>			<b>\$2,183,726</b>	

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, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Garbage Fees	\$1,205,000	\$1,237,000	\$1,110,068	(\$126,932)
Penalties	7,100	7,100	5,031	(2,069)
Miscellaneous	0	0	36	36
Total Revenues	<u>\$1,212,100</u>	<u>\$1,244,100</u>	<u>\$1,115,135</u>	<u>(\$128,965)</u>
<b>EXPENSES</b>				
Personnel Costs	\$32,300	\$36,300	\$26,075	10,225
Contractual Services	521,625	521,625	510,382	11,243
Repairs and Maintenance	200,400	440,400	40,234	400,166
Dumping Fees	309,000	309,000	272,176	36,824
Operational	106,400	131,350	86,762	44,588
Bad Debts	0	0	633	(633)
Depreciation	35,000	35,000	78,340	(43,340)
Total Expenses	<u>\$1,204,725</u>	<u>\$1,473,675</u>	<u>\$1,014,602</u>	<u>\$459,073</u>
Operating Income	<u>\$7,375</u>	<u>(\$229,575)</u>	<u>\$100,533</u>	<u>\$330,108</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Income	\$4,000	\$5,000	\$6,812	\$1,812
Interest Expense	(5,000)	(7,500)	(4,159)	3,341
Gain (Loss) on Disposition of Fixed Assets	0	110,425	(133,672)	(244,097)
Total Nonoperating Revenues	<u>(\$1,000)</u>	<u>\$107,925</u>	<u>(\$131,019)</u>	<u>(\$238,944)</u>
NET INCOME (LOSS) Before Transfers	<u>\$6,375</u>	<u>(\$121,650)</u>	<u>(\$30,486)</u>	<u>\$91,164</u>
<b>TRANSFERS</b>				
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>\$6,375</u>	<u>(\$121,650)</u>	<u>(\$30,486)</u>	<u>\$91,164</u>
NET ASSETS - BEGINNING OF YEAR			\$959,267	
NET ASSETS - END OF YEAR			<u>\$928,781</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, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>				
Sewer Service Charges	\$384,205	\$426,705	\$443,935	\$17,230
Penalties & Service Charges	5,000	5,000	2,813	(2,187)
Water and Sewer Tap Fees	10,000	4,000	3,350	(650)
Miscellaneous Revenues	0	0	0	0
Total Revenues	<u>\$399,205</u>	<u>\$435,705</u>	<u>\$450,098</u>	<u>\$14,393</u>
<b>EXPENSES</b>				
Personnel Costs	\$0	\$0	\$0	
Contractual Services	9,700	12,500	2,723	9,777
Repairs and Maintenance	270,000	262,075	217,456	44,619
Operational	19,700	30,650	18,810	11,840
Bad Debts	0	0	46	(46)
Depreciation	5,000	5,000	34,856	(29,856)
Total Expenses	<u>\$304,400</u>	<u>\$310,225</u>	<u>\$273,891</u>	<u>\$36,334</u>
Operating Income	<u>\$94,805</u>	<u>\$125,480</u>	<u>\$176,207</u>	<u>\$50,727</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Income	\$300	\$3,400	\$3,140	(\$260)
Interest Expense	(95,000)	(55,000)	(48,464)	6,536
Gain (Loss) on Disposition of Fixed Assets				
Total Nonoperating Revenues	<u>(\$94,700)</u>	<u>(\$51,600)</u>	<u>(\$45,324)</u>	<u>\$6,276</u>
NET INCOME (LOSS) Before Transfers	<u>\$105</u>	<u>\$73,880</u>	<u>\$130,883</u>	<u>\$57,003</u>
<b>TRANSFERS</b>				
Operating Transfers In	\$95,000	\$100,812	\$100,813	1
Operating Transfers (Out)	(95,000)	0	0	0
Total Transfers	<u>\$0</u>	<u>\$100,812</u>	<u>\$100,813</u>	<u>\$1</u>
NET INCOME (LOSS)	<u>\$105</u>	<u>\$174,692</u>	<u>\$231,696</u>	<u>\$57,004</u>
NET ASSETS - BEGINNING OF YEAR			\$183,379	
NET ASSETS - END OF YEAR			<u>\$415,075</u>	

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

CITY OF PIKEVILLE, KENTUCKY  
COMBINING FINANCIAL STATEMENTS  
For the year ended June 30, 2009

**Wallen and Cornett, PSC**

CERTIFIED PUBLIC ACCOUNTANTS  
POST OFFICE BOX 1349  
PIKEVILLE, KENTUCKY 41502

CITY OF PIKEVILLE, KENTUCKY  
BALANCE SHEET - COMBINING  
OTHER GOVERNMENTAL FUNDS  
June 30, 2009

										Total Other
										Governmental
										Funds
ASSETS	Projects Control	Debt Service	Main Street	Debt Service - Football	Detective Arrest - State	Detective Arrest - Federal	State Police Case	CASH FLOW		
Cash and Investments										
Cash		\$0	\$87	\$1,475	\$8,325	\$35,521	\$9,204	\$2,986	\$460,626	
Certificates of Deposit and Savings	0	0	0	0	0	0	0	0	0	
Receivables (Net of Allowance for Uncollectibles)										
Taxes	0	0	0	0	0	0	0	0	0	
Accounts	0	0	0	0	0	0	0	0	0	
Prepaid Expenses	0	0	0	0	0	0	0	0	0	
TOTAL ASSETS	\$403,028	\$0	\$87	\$1,475	\$8,325	\$35,521	\$9,204	\$2,986	\$460,626	
LIABILITIES AND FUND EQUITY										
LIABILITIES										
Accounts Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Accrued Expenses	0	0	0	0	0	0	0	0	0	
Customer's Deposit	0	0	0	0	0	0	0	0	0	
Deferred Revenue	0	0	0	0	0	0	0	0	0	
Payable from Restricted Assets	0	15,117	0	0	0	0	0	0	15,117	
Matured Coupons Payable	0	4,000	0	0	0	0	0	0	4,000	
Matured Bonds Payable										
TOTAL LIABILITIES	\$0	\$19,117	\$0	\$0	\$0	\$0	\$0	\$0	\$19,117	
FUND BALANCES										
Designated for Debt Service	\$0	\$0	\$0	\$1,475	\$0	\$0	\$0	\$0	\$1,475	
Undesignated	403,028	(\$19,117)	87	0	8,325	35,521	9,204	2,986	440,034	
TOTAL FUND BALANCES	\$403,028	(\$19,117)	\$87	\$1,475	\$8,325	\$35,521	\$9,204	\$2,986	\$441,509	
TOTAL LIABILITIES AND FUND BALANCES	\$403,028	\$0	\$87	\$1,475	\$8,325	\$35,521	\$9,204	\$2,986	\$460,626	

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

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - COMBINING

## OTHER GOVERNMENTAL FUNDS

Year Ended June 30, 2009

REVENUES	Projects Control	Debt Service	Main Street	Football debt Service	Detective Arrest	Detective Arrest - Federal	State Police Case	CASH FLOW	Totals
Ad Valorem Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Franchise Taxes	0	0	0	0	0	0	0	0	0
Occupational License Fees	0	0	0	0	0	0	0	0	0
Other Taxes	0	0	0	0	0	0	0	0	0
Permits and Fees	0	0	0	0	0	0	0	0	0
Intergovernmental Revenue	1,536,317	0	0	0	3,434	31,175	3,612	0	1,574,538
Other Grants	0	0	0	0	0	0	0	0	0
Interest Income	9,083	0	0	0	5	595	146	985	10,814
Other Revenue	0	0	0	0	0	0	0	0	0
Total Revenues	\$1,545,400	\$0	\$0	\$0	\$3,439	\$31,770	\$3,758	\$985	\$1,585,352
EXPENDITURES									
CURRENT									
General Government	\$0	\$0	\$0	\$0	\$1	\$0	\$0	\$0	\$1
Public Safety	0	0	31,615	0	0	1,107	5,465	0	38,187
Streets	0	0	0	0	0	0	0	0	0
Parking Garage	0	0	0	0	0	0	0	0	0
Recreation	0	0	0	0	0	0	0	0	0
Lake Cleanup	0	0	0	0	0	0	0	0	0
Landscape	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Capital Outlay	1,889,536	0	0	0	0	20,000	3,434	26,870	30,304
Debt Service	0	0	0	0	0	0	0	0	1,909,536
Principal Retirement	0	0	0	90,000	0	0	0	0	90,000
Interest	0	0	0	32,085	0	0	0	0	32,085
Grants / Loan Advances	0	0	19,685	0	0	0	0	0	19,685
Total Expenditures	\$1,889,536	\$0	\$51,300	\$122,085	\$1	\$21,107	\$8,899	\$26,870	\$2,119,798
Excess of Revenues Over (Under) Expenditures	(\$344,136)	\$0	(\$51,300)	(\$122,085)	\$3,438	\$10,663	(\$5,141)	(\$25,885)	(\$534,446)
OTHER FINANCING SOURCES (USES)									
Proceeds from Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds from Sale of Fixed Assets	0	0	0	0	0	0	0	0	0
Operating Transfers In	1,480,000	0	15,957	122,085	0	0	12,653	0	1,630,695
Operating Transfers Out	(744,120)	0	0	0	0	(12,652)	0	0	(756,772)
Total Other Financing Sources (Uses)	\$735,880	\$0	\$15,957	\$122,085	\$0	(\$12,652)	\$12,653	\$0	\$873,923
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	\$391,744	\$0	(\$35,343)	\$0	\$3,438	(\$1,989)	\$7,512	(\$25,885)	\$339,477
FUND BALANCES - BEGINNING OF YEAR	11,284	(19,117)	35,430	1,475	4,887	37,510	1,692	28,831	101,992
FUND BALANCES-END OF YEAR	\$403,028	(\$19,117)	\$87	\$1,475	\$8,325	\$35,521	\$9,204	\$2,946	\$441,469

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

## CITY OF PIKEVILLE, KENTUCKY

FUND BALANCE SHEET - COMBINING  
OTHER PROPRIETARY FUNDS

June 30, 2009

	Sandy Valley	Utility Deposits	Total
<b>ASSETS</b>			
Cash	\$195,363	\$0	\$195,363
Certificates Of Deposit	38,102		38,102
Customer's Accounts Receivable	57,611	0	57,611
Prepaid Expenses	4,666	0	4,666
Due From Other Funds	0	0	0
Property, Plant and Equipment	732,253	0	732,253
Restricted Assets:			
Cash	112,215	114,955	227,170
Certificates of Deposit	177,480	0	177,480
Other Receivables	0	0	0
<b>TOTAL ASSETS</b>	<b>\$1,317,690</b>	<b>\$114,955</b>	<b>\$1,432,645</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$0	\$0	\$0
Accrued Expenses	2,445	0	2,445
Current Portion of Long-Term Debt	12,141	0	12,141
Customer's Deposits	0	46,773	46,773
Notes Payable	0	0	0
Bonds Payable (Net of Discount)	747,498	0	747,498
Restricted Liabilities:			
Matured Bonds Payable	0	0	0
Matured Coupons Payable	0	0	0
<b>Total Liabilities</b>	<b>\$762,084</b>	<b>\$46,773</b>	<b>\$808,857</b>
<b>NET ASSETS</b>			
Invested in capital Assets, net of related debt	(\$27,386)	\$0	(\$27,386)
Reserve for Depreciation	21,359	0	21,359
Sinking Fund Reserve	0	0	0
Reserve for Operation and Maintenance	0	0	0
Reserve for Revenue Bond Retirement, et al	0	0	0
Unreserved	561,633	68,182	629,815
<b>Total Net Assets</b>	<b>\$555,606</b>	<b>\$68,182</b>	<b>\$623,788</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$1,317,690</b>	<b>\$114,955</b>	<b>\$1,432,645</b>

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

## CITY OF PIKEVILLE, KENTUCKY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - COMBINING  
OTHER PROPRIETARY FUNDS  
For The Fiscal Year Ended June 30, 2009

	Sandy Valley	Utility Deposits	TOTAL
OPERATING REVENUES	\$768,184	\$11,225	\$779,409
OPERATING EXPENSES			
Personnel Costs	\$28,448	\$0	\$28,448
Gas Purchased		0	0
Contractual Services	6,886	0	6,886
Dumping Fees		0	0
Repairs and Maintenance	46,786	0	46,786
Operational	300,078	1,214	301,292
Bad Debts	25	0	25
Depreciation	25,006	0	25,006
Total Operating Expenses	\$407,229	\$1,214	\$408,443
Operating Income (Loss)	\$360,955	\$10,011	\$370,966
NONOPERATING INCOME (EXPENSES)			
Royalties	\$0	\$0	\$0
Interest Income	6,222	2,151	8,373
Interest Expense	(20,746)	0	(20,746)
Premium (Discount) on Debt Restructuring	0	0	0
Gain (Loss) on Disposition of Fixed Assets	0	0	0
0	0	0	0
Total Nonoperating Income (Expense)	(\$14,524)	\$2,151	(\$12,373)
NET INCOME (LOSS)(Before Transfers)	\$346,431	\$12,162	\$358,593
TRANSFERS			
Operating Transfers In	0	\$0	\$0
Operating Transfers (Out)	0	0	0
Total Transfers	\$0	\$0	\$0
NET INCOME (LOSS)	\$346,431	\$12,162	\$358,593
NET ASSETS - BEGINNING OF YEAR	\$209,175	\$56,020	\$265,195
NET ASSETS - END OF YEAR	\$555,606	\$68,182	\$623,788

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

## CITY OF PIKEVILLE, KENTUCKY

STATEMENT OF CASH FLOWS - COMBINING  
OTHER PROPRIETARY FUNDS  
June 30, 2009

	Sandy Valley	Utility Deposits	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers	\$742,813	\$0	\$742,813
Cash Received from Other Operating Revenues	12,428	11,225	23,653
0	(28,448)	0	(28,448)
Cash Payments for Personnel Costs	(6,886)	0	(6,886)
Cash Payments for Gas Purchases	0	0	0
Cash Payments for Contractual Services	(46,786)	(10,867)	(57,653)
Cash Payments for Other Operating Expenses	(297,985)	0	(297,985)
Net Cash Provided by Operating Activities	\$375,136	\$358	\$375,494
<b>Cash Flows from Non-Capital Financing Activities</b>			
Proceeds from Asset Dispositions	\$0	\$0	\$0
Operating Transfers In	0	0	0
Operating Transfers (Out)	0	0	0
Increase in Restricted Other Receivables	0	0	0
Other	0	0	0
Net Cash Flows from Non-Capital Financing Activities	\$0	\$0	\$0
<b>Cash Flows from Capital Financing Activities</b>			
Interest Expense	(\$36,602)	\$0	(\$36,602)
Purchase of Fixed Assets	0	0	0
0	0	0	0
Maturing Coupons & Bonds	0	0	0
Retirement of Principal	(12,141)	0	(12,141)
Net Cash Flows from Capital Financing Activities	(\$48,743)	\$0	(\$48,743)
<b>Cash Flows from Investing Activities</b>			
Proceeds From Long-Term Debt	\$0	\$0	\$0
Discount on Sale of Bonds	0	0	0
Royalties	0	0	0
Interest Income	6,222	2,151	8,373
Net Cash Flows from Investing Activities	\$6,222	\$2,151	\$8,373
Net Increase (Decrease) in Cash and Cash Equivalents	\$332,615	\$2,509	\$335,124
Cash and Cash Equivalents at Beginning of Year	189,348	112,446	\$301,794
Cash and Cash Equivalents at End of Year	\$521,963	\$114,955	\$636,918
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATING ACTIVITIES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Income (Loss) from Operations	\$360,955	\$10,011	\$370,966
<b>Adjustments to Reconcile Income From Operations to Net Cash Provided by Operating Activities:</b>			
Depreciation and Amortization	25,006	0	25,006
(Increase) Decrease in			
Customer Accounts Receivable	(12,943)	0	(12,943)
(Increase) Decrease in Prepaid Expenses	2,118	0	2,118
(Increase) Decrease in Due From Other Funds	0	0	0
Increase (Decrease) in Accounts Payable	0	0	0
Increase (Decrease) in Accrued Expenses	0	0	0
Increase (Decrease) in Due To Other Funds	0	0	0
Increase (Decrease) in Customer Deposits	0	(9,653)	(9,653)
Net Cash Provided by Operating Activities	\$375,136	\$358	\$375,494
<b>Noncash Investing, Capital, and Financing Activities:</b>			
Amortization of Bond Discount	\$0	\$0	\$0
Interest	(15,856)	0	(15,856)
Total Noncash Investing, Capital, and Financing Activities:	(\$15,856)	\$0	(\$15,856)

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