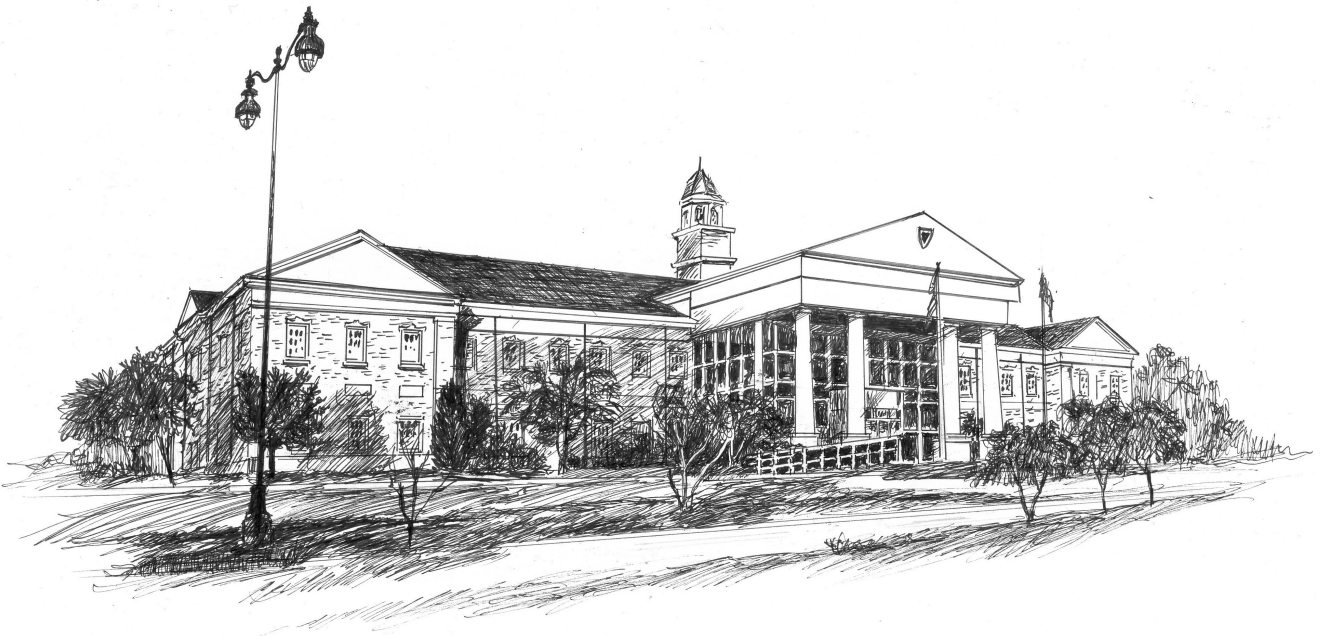


**CITY OF PADUCAH,
KENTUCKY**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

YEAR ENDED JUNE 30, 2025

**FINANCE DEPARTMENT
CITY OF PADUCAH,
KENTUCKY**



City of Paducah
Paducah, Kentucky
Annual Comprehensive Financial Report
Year Ended June 30, 2025



**Issued by the
Finance Department**

CITY OF PADUCAH, KENTUCKY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2025

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CITY OF PADUCAH, KENTUCKY

INTRODUCTORY SECTION

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025



CITY OF PADUCAH

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

December 19, 2025

Honorable Mayor and Commissioners
City of Paducah
Paducah, Kentucky

We are pleased to submit Paducah's Annual Comprehensive Financial Report for the year ended June 30, 2025. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

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

City management's narrative on the financial activities of the City for the fiscal year ended June 30, 2025, is in the Management's Discussion and Analysis (MD&A) section of this report, immediately following the Report of Independent Auditors. The letter of transmittal is written to complement the MD&A and the financial statements, and should be read from that perspective and in conjunction with all other sections of the ACFR.

THE CITY

Paducah was established in 1827 by explorer General William Clark. The City of Paducah is situated at the confluence of the Ohio and Tennessee Rivers in the north central portion of McCracken County. Paducah is the largest city both in the county and in the Jackson Purchase eight county region. The City has established itself as the cultural, economic, medical and transportation center for not only the Jackson Purchase region but for a large portion of Southern Illinois and portions of Western Tennessee and Southeastern Missouri.

Industry

Paducah has a mix of commercial, industrial, cultural, institutional, and hospitality-based businesses. Healthcare and education services are among the top employers. The accredited Paducah Area Chamber of Commerce is one of the largest in the state, and it recently won the Association of Chamber of Commerce Executives 2025 Chamber of the Year.

With Paducah's easy river access and rail service, the City is the headquarters for several river industry giants including Ingram Barge, Marquette Transportation, James Marine, and Crouse Corporation. Paducah is at the center of inland waterways linking cities including Pittsburgh and Minneapolis/St. Paul to the Gulf of Mexico. The Paducah Riverport Authority is positioned for growth in the sector of intermodal river transportation through the purchase of the largest flat-top tower crane in North America. In 2015, the U.S. Department of Commerce Foreign Trade Zone Board approved the Riverport to establish a foreign-trade zone, an incredible business tool.

Economic Development Activities

Greater Paducah Economic Development (GPED) coordinates the City's efforts in strengthening and building economic development activities. The board of directors is comprised of elected candidates from GPED's Investor Council based upon their unique gifts and abilities and their capacity to appropriately apply them to the organization and community. In existence since 1987, GPED assumes and carries out the responsibility of working with existing industry and business, as well as identifying and recruiting new companies to the City of Paducah. Additionally, GPED is responsible for development of long-term strategy for economic development activities and coordinates local entities in the accomplishment of those strategies.

In the early 1990s, the City of Paducah, the State of Kentucky and several federal agencies, in conjunction with business, developed a 650-acre Commerce Park (formerly known as the Information Age Park.) This park was designed to appeal to firms needing advanced telecommunications and computing capabilities.

In 1997, the City of Paducah jointly with the County of McCracken acquired the 'Industrial Park West of Paducah and McCracken County'. This park contains 218 acres with immediate access to two major railroad lines, Paducah and Louisville and Paducah and Illinois (formerly Illinois Central). The park is located within the southwest quadrant of the I-24/Cairo Road interchange.

In 2007, GPED began assembling property to establish a 'Triple Rail Site' in western McCracken County. The site is an industrial park served by two Class I railroad companies, Burlington Northern Santa Fe and Norfolk Southern, and a short line railroad company, Paducah and Louisville. The site has river docking service within 1.5 miles, is within 3 miles of Interstate 24, and 5 miles from Barkley Regional Airport. GPED owns 485 acres and has option and brokerage agreements on additional surrounding properties.

Churches and Schools

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

Elementary and secondary education in Paducah is provided by the Paducah Independent School System, the McCracken County School System, Community Christian Academy, and by the St. Mary's Parochial School System.

The availability of higher education in the area is continuing to flourish. West Kentucky Community and Technical College (WKCTC), formerly known as Paducah Community College, is a two-year institution affiliated with the University of Kentucky's community college system. WKCTC also serves as a site for the University of Kentucky extended campus graduate programs, in addition to a four-year engineering college in conjunction with the University of Kentucky. In 2008, WKCTC opened a Paducah School of Art. In 2010, a new 65,000 square feet Emergency Technology Center was opened, offering industrial and manufacturing technologies, engineering technology, as well as business and industry training and

information technology programs. This is the first state supported new building to be constructed on the WKCTC campus in over 20 years. In 2011, Murray State University entered into an agreement with the City, McCracken County, and Paducah Economic Development to construct an approximately 40,000 square foot educational building to serve as their Paducah campus. Classes began at the Paducah campus in 2014.

Medical Facilities

Paducah serves as the regional medical center for much of the Jackson Purchase Area of Western Kentucky, a large portion of Southern Illinois, and Northwestern Tennessee. Paducah's medical industry has almost every major medical specialty represented in the physician population. The medical industry, represented by Mercy Health and Baptist Health, provides over 650 beds for medical needs. The two largest hospitals, together, employ approximately 3,000 persons.

Recreation and Culture

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

The Dogwood Festival, held in April, highlights the coming of spring in Paducah. Residents are encouraged to spotlight their trees to illuminate a driving tour to celebrate an abundance of dogwood trees.

The LowerTown Art and Music Festival is uniquely showcased within the borders of Paducah's 180-year-old historic neighborhood. The LowerTown Art and Music Festival is an outdoor-juried show that the work of local artists and includes jazz, salsa, zydeco and blues music, as well as food from area restaurants.

Paducah is the site of the Museum of the American Quilter's Society. In May 2008, a congressional designation was passed naming the museum as the National Quilt Museum of the United States. The museum, dedicated in 1991, is the centerpiece for the quilters' annual convention held in April. The convention attracts an estimated 30,000 visitors to Paducah annually.

One of Paducah's oldest celebrations is the 8th of August Emancipation Celebration, which features African American family reunions, or a homecoming. It is a time for African Americans to pay tribute to their heritage and roots, and a time of reconciliation.

The Barbecue on the River event was started in 1995, as a way for local charities to raise funds. It attracts in excess of 40,000 participants to Paducah's riverfront during the last weekend in September.

Paducah Power sponsors the annual Christmas in the Park lighting display at Noble Park. The public is invited to a special lighting ceremony the Friday after Thanksgiving. Although the event is free, volunteers collect cash donations and thousands of pounds of canned food annually.

Paducah has an active symphony and several theater groups. The Paducah Symphony Orchestra stages concerts during the winter season, with the Market House Theater presenting several productions during the same time period. In addition, West Kentucky Community and Technical College's Arts in Focus series sponsors a variety of professional productions.

The Luther F. Carson Four Rivers Center for the Performing Arts opened in February 2004 as a regional, multiple-purpose facility, with an 1,800-seat main hall designed to accommodate a wide variety of cultural and educational programs.

The McCracken County Public Library offers a large selection of literature, special collections and programs. The West Kentucky Community and Technical College Library supplement this community resource.

THE GOVERNMENT

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

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

REPORTING ENTITY AND ITS SERVICES

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

Blended units are presented as such because the units' governing bodies are substantially the same as the governing body of the City, or provide services almost entirely to the City of Paducah. The City has only one blended unit: the Police and Firefighters' Pension Fund, which was established for the benefit of police and firemen of the City.

The City has one component unit that has been presented as a discrete unit to emphasize that it is legally separate from the City. Paducah Water Works is included in the City's financial statements because of its financial relationship with the City.

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

Accounting System

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

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

Internal Control

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal controls. Because the cost of a control should not exceed the benefits to be derived, the objective

of these internal controls is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements. Internal controls were designed for Paducah's accounting system to reasonably safeguard its assets against loss from unauthorized use or disposition, check the accuracy of accounting data, promote operational efficiency and encourage adherence to prescribed managerial policies.

Budgetary Control

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

Financial Policies

The City's financial policies are shaped by state law and established by management and the City Commission. Financial policies include budgeting and financial planning, capital planning, revenue, investment, debt management, procurement, and accounting and auditing.

During FY2025, one of the City's financial policies did have a significant impact on the financial statements:

Pension Obligation Costs. In FY2006, the City issued general obligation bonds of \$6,100,000 to finance the police and firefighters' pension fund actuary liability. Since the issuance of these bonds, the City has made it policy to contribute the normal cost as well as the minimum actuarially sound contribution annually that would arise from the fund being in a deficit position as of the actuarial date. For FY2025 this contribution was \$295 thousand. This amount was \$352 thousand in FY2024.

LONG-TERM FINANCIAL PLANNING

On October 1, 2005, the City's payroll tax was increased ½ cent. As a result of the payroll tax increase, the City Commission created the Investment Fund. The Investment Fund is funded with the ½ cent increase and is dedicated to the following purposes: community redevelopment, economic development, infrastructure capital investment, and property tax relief. During the FY2025 budget process, the Commission reviewed numerous decision packages proposed for the Investment Fund Budget; expenditures totaling approximately \$8.3 million were appropriated.

The City has numerous infrastructure/capital items that will affect the long-term financial planning process. The following projects are examples of future considerations facing the City:

Tax Increment Financing District (TIF). The City has received approval from the Kentucky Economic Development Financing Authority (KEDFA) for a TIF District. The District includes approximately 315 acres of Paducah downtown riverfront which will be used to promote public and private development. It is anticipated that mixed-use development will include the construction of hotels, residential units, restaurant/entertainment space, retail space, manufacturing space, public buildings, and public infrastructure improvements. It's anticipated that tax revenue in excess of a prescribed baseline will be reinvested in the area with funds from state sales tax, property tax, individual income tax, and corporate income tax in addition to local property and payroll taxes.

Paducah Sports Park. In September 2022, the City entered into an agreement with McCracken County and McCracken County Sports Tourism Commission for the development of the Paducah Sports Park. Construction contracts totaling \$57 million were approved in June 2024, contributing to a total project cost of approximately \$70 million. After the construction period, the goal is for the facility to open in spring 2026. The McCracken County Sports Tourism Commission estimates that, with an expectation of holding 35-40 tournaments per year, the facility could generate a local economic impact of approximately \$130 million in its first five years of use.

ECONOMIC CONDITION

The City continues to be aggressive in promoting economic development, since new developmental job growth is necessary to ensure the continued stability of the City's tax base. Economic indicators and trends reflect that the area's economy has remained fairly steady considering the nation's recent economic struggles. It is expected that the economy will continue to hold over the near-term. Area employment decreased slightly in comparison to the prior year, with 29,620 persons employed (McCracken County) as of June 30, 2025. The June 2025 unemployment rate was 5.1% (McCracken County), which is an increase from 4.9% in the prior year, and higher than the June 2024 federal unemployment rate of 4.1%.

INDEPENDENT AUDIT

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Paducah, Kentucky for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This was the thirty-fourth consecutive year that the City achieved this prestigious award.

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The City also received its second GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report for the fiscal year ended June 30, 2024. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. The Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current reports continue to conform to the reporting requirements, and we will be submitting it to the GFOA to determine its eligibility for another award.

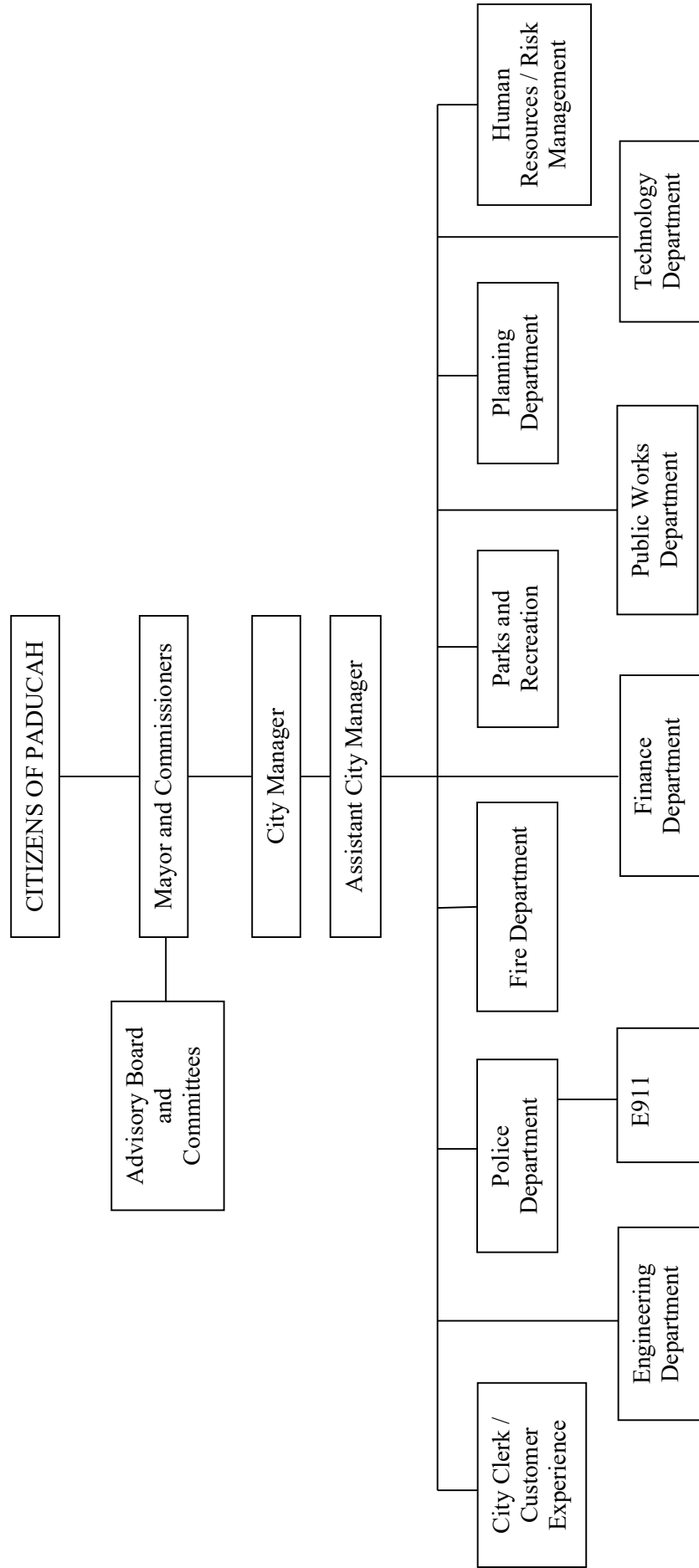
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We wish to express our appreciation to all members of the Finance Department who assisted and contributed to its preparation, and special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

Respectfully submitted,

A handwritten signature in blue ink that reads "Audra Kyle". The signature is written in a cursive, flowing style.

Audra Kyle, CPA
Finance Director

**CITY OF PADUCAH, KENTUCKY
ORGANIZATIONAL CHART**



**CITY OF PADUCAH, KENTUCKY
PRINCIPAL OFFICIALS**

BOARD OF COMMISSIONERS

Mayor	George P. Bray
Mayor Pro Tem	Sandra Wilson
Commissioner	Raynarldo Henderson
Commissioner	Buzz Smith
Commissioner	Dujuan Thomas

CITY MANAGER

Daron Jordan

Assistant City Manager	Michelle Smolen
Finance Director	Audra Kyle, CPA
Police Chief	Brian Laird
Fire Chief	Steve Kyle
City Engineer	Greg Guebert
Public Works Director	Chris Yarber
Assistant Public Works Director	Randy Crouch
Planning Director	Carol Gault
Parks & Recreation Director	Amie Clark
Technology Department Director	Eric Stuber
City Clerk	Lindsay Parish
Human Resources Director	Stefanie Wilcox
Communications Manager	Pam Spencer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Paducah
Kentucky**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

CITY OF PADUCAH, KENTUCKY

FINANCIAL SECTION

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025



INDEPENDENT AUDITOR'S REPORT

Honorable George Bray, Mayor
Members of the Board of Commissioners
City of Paducah
Paducah, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Paducah, Kentucky as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Paducah, Kentucky's basic financial statements as listed in the table of contents.

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Paducah, Kentucky as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Special Revenue Investment Fund, and Special Revenue Opioid Settlement Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Paducah Water Works, which represent 100 percent, 100 percent, and 100 percent, respectively, of the assets, net position, and revenues of the discretely presented component unit as of June 30, 2025. Those statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Paducah, Kentucky and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Paducah, Kentucky's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

100 South 4th Street ▪ Suite 300 ▪ Paducah, KY 42001
Phone: (270)443-4400 Fax: (270)443-0963 kempercpa.com

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Paducah, Kentucky's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Paducah, Kentucky's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of net pension and OPEB liabilities and contributions on pages 14 through 29 and 103 through 108 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Paducah, Kentucky's basic financial statements. The accompanying budgetary comparison schedules, combining and individual nonmajor funds, budgetary comparison schedules for the nonmajor funds, nonmajor enterprise, internal service and fiduciary financial statements on pages 109 through 129; and the schedule of expenditures of federal awards on pages 150 through 151, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are

presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying budgetary comparison schedules, the combining and individual nonmajor funds, budgetary comparison for the nonmajor funds, nonmajor enterprise, internal service and fiduciary financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025, on our consideration of the City of Paducah, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Paducah, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Paducah, Kentucky's internal control over financial reporting and compliance.

Kemper CPA Group, LLP

Certified Public Accountants and Consultants
Paducah, Kentucky
December 19, 2025

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CITY OF PADUCAH, KENTUCKY

REQUIRED SUPPLEMENTARY INFORMATION

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

CITY OF PADUCAH, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

The City of Paducah ("City") offers the Management's Discussion and Analysis to provide readers a narrative overview and analysis of City financial activities for fiscal year ended June 30, 2025. It is intended to complement the financial statements that follow and should be read in conjunction with those statements.

Financial Highlights

Government-wide Highlights

- The City's total net position increased by approximately \$31.6 million.
- Governmental activities reported a net position of \$75.2 million, while business-type activities ended the year with \$2.8 million in net position.
- The significant increase in governmental net position was primarily due to the U.S. Army Corps of Engineers' \$22.8 million investment in the recently completed Floodwall Rehabilitation Project.

Fund-Level Highlights

- Governmental funds ended the year with a combined fund balance of \$88.5 million, an increase of \$26.5 million from prior year.
- The significant increase in fund balance was primarily due to the issuance of \$25.8 in general obligation bonds for the remaining share of the City's contribution to the construction of the Paducah Sports Park, which is expected to be completed in FY2026.
- The General Fund closed with \$25.7 million in unassigned fund balance, which is available for spending at the City's discretion. Cash and cash equivalents are approximately \$22.4 million. When compared to final total appropriations, the General Fund cash balance is 39%, which translates to 142 days of total General Fund expenditures (including interfund transfers).

Overview of Financial Statements

This discussion and analysis serves as an introduction to the City's basic financial statements, which consist of four components: 1) government-wide financial statements, 2) fund financial statements, 3) component unit financial statements, and 4) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

A. Government-Wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of City finances in a manner similar to private-sector business.

- The Statement of Net Position presents information on all City assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between these reported as net position. Monitoring increases and/or decreases in net position over time may serve as a useful indicator of whether the financial position of the City is improving, stagnating, or deteriorating.
- The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All net position changes are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Revenues and expenses are reported in the Statement of Activities for some items that will only result in cash flows in the future.

These statements distinguish between City functions that are primarily supported by taxes and intergovernmental revenues (governmental activities) from other City functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). City

governmental activities include general government, public safety, public service, parks and recreation, planning and development, and interest on long-term debt. Business-type activities of the City include Solid Waste, Section 8 Housing, and the Transient Boat Dock.

Government-wide financial statements include not only the City (the primary government), but also a legally separate Paducah Water Works (component unit) for which the City is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 30-33 of this report.

B. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over segregated resources for specific activities or objectives. The City of Paducah, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. City funds can be divided into three categories:

- 1) **Governmental Funds**. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a city's near-term financing requirements.

The City maintains twelve (12) individual governmental funds. Information is presented separately in the Balance Sheet – Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds for all of the major funds: General, General Capital Improvements, Special Revenue Investment, Opioid Settlement Fund, Bond Fund and Debt Service Funds. Data from the other six (6) funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining and individual fund statements elsewhere in this report on pages 112-121.

Readers may better understand the long-term impact of the City's near-term financing decisions by comparing the narrow-focus governmental funds financial statements with governmental activities in the government-wide financial statements. Exhibit 4 (pages 36-37) and Exhibit 6 (pages 40-41) provide a reconciliation to ease comparison between the fund financial statements and the government-wide statements.

The basic governmental fund financial statements can be found on pages 34-41 of this report.

- 2) **Proprietary Funds**. The City maintains two types of proprietary funds:

- a. **Enterprise Funds**. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements and are used to account for operations:

- That are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or
- Where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The City uses three enterprise funds to account for Solid Waste, Section 8 Housing, and Transient Boat Dock. None of these funds typically receive an operating subsidy from the General Fund;

however, a \$304 thousand transfer was made to the Transient Boat Dock Fund in FY2025 for major repairs to the dock.

The City's component unit enterprise is the Paducah Water Works. This component unit, which has its own board of directors, is also an enterprise fund and is shown on pages 30-33.

b. Internal Service Funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for fleet services, fleet replacement, risk management (insurance) and employee health programs. Internal service funds have been allocated between governmental activities and business-type activities in the government-wide financial statements based on revenue earned.

Proprietary funds provide the same kind of information as government-wide financial statements, but in greater detail. Individual data for the nonmajor proprietary funds is presented in the form of combining statements on pages 122-124 of this report. Individual data for the internal service funds is likewise presented in the form of combining statements on pages 125-127 of this report.

3) **Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government and are not reflected in government-wide financial statements because those resources are not available to support City programs. Individual data for one of the City's two fiduciary funds (Police and Firefighters' Retirement) is presented in the notes to the financial statements on pages 89-90. Individual data for the Cemetery and Parks Trusts Fund is presented on pages 128-129 of this report.

C. Notes to the Financial Statements

The notes provide additional information that is essential to fully understand data provided in the government-wide and fund financial statements. Notes to the financial statements can be found on pages 53-102 of this report.

D. Other Information

In addition to basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning City funding of its pension obligation to its employees.

Additional budgetary comparison schedules, as well as the combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor proprietary funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information on pensions. Combining fund statements and schedules can be found on pages 109-129 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. City assets and deferred outflows exceeded liabilities and deferred inflows by \$78 million, an increase of \$31.6 million from prior year.

For FY2025, the largest portion of the City's net position (\$99.5 million) reflects its investment in capital assets (i.e., land, buildings, machinery, equipment and infrastructure) less outstanding related debt used to acquire those assets. The City uses these capital assets to provide service to citizens and, as a result, these assets are not available for future spending. The City's capital assets investment is reported net of related debt, but the resources to pay this debt must be provided from other sources since the capital assets cannot be used to liquidate the liabilities.

As of June 30, 2025, the City reports positive balances of total net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

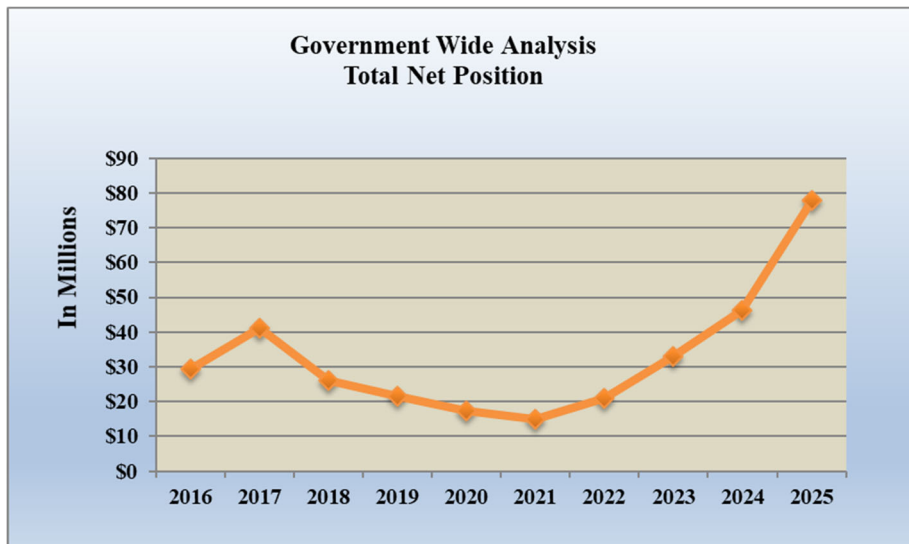
City of Paducah, Kentucky

Net Position

June 30

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current Assets	\$ 115,056,203	\$87,524,257	\$ 4,852,789	\$ 4,719,931	\$119,908,992	\$ 92,244,188
Capital Assets	109,343,005	83,207,702	3,162,977	2,606,100	112,505,982	85,813,802
Other noncurrent assets	4,879,958	5,478,812	63,356	53,348	4,943,314	5,532,160
Total Assets	229,279,166	176,210,771	8,079,122	7,379,379	237,358,288	183,590,150
Deferred Outflows of Resources	13,742,481	14,157,378	452,428	577,989	14,194,909	14,735,367
Current Liabilities	14,654,591	10,891,480	529,628	1,033,095	15,184,219	11,924,575
Noncurrent liabilities	120,764,355	98,774,113	4,375,447	4,648,764	125,139,802	103,422,877
Total Liabilities	135,418,946	109,665,593	4,905,075	5,681,859	140,324,021	115,347,452
Deferred Inflows of Resources	32,392,463	35,446,822	853,154	1,150,373	33,245,617	36,597,195
Net position:						
Net Invested in Capital Assets	96,401,070	70,081,507	3,086,729	2,481,099	99,487,799	72,562,606
Restricted	6,565,593	5,727,883	91,090	49,510	6,656,683	5,777,393
Unrestricted	(27,756,425)	(30,553,656)	(404,498)	(1,405,473)	(28,160,923)	(31,959,129)
TOTAL NET POSITION	\$ 75,210,238	\$ 45,255,734	\$ 2,773,321	\$ 1,125,136	\$ 77,983,559	\$ 46,380,870

The exhibit below charts the City’s total net position for the past ten years. (Prior years have not been restated for new standard implementation or error correction in this discussion).



In FY2018, the City implemented GASB 75, which requires that the City report and fully disclose its share of other post-employment benefit (OPEB) liabilities. The initial year generated a \$20 million liability and thus the notable decrease in net position that year. Annual adjustments to these liabilities, as well as the liabilities related to the City's participation in the County Employee Retirement System (which was implemented in FY2015 under GASB 68) continued to drive net position down from FY2019 through FY2021. These liabilities have been the primary factor in generating negative unrestricted net position since their introduction to the financial statements. This does not represent a cash deficit and is common among Kentucky cities participating in CERS.

Fiscal year 2022 marked the beginning of recovery from the Covid pandemic, which continued through FY2024. Conservative revenue projections, careful operational spending, and the investment of ARPA funds into stormwater improvements placed the City in a positive trajectory during this time. In addition, sizable FEMA mitigation grants were received and utilized for stormwater improvements and future flood mitigation projects in this period. In FY2024, additional recovery was realized as CERS and OPEB had a more favorable return on investments, which lowered the City's required pension expense and liability by approximately \$4.5 million.

There was a dramatic increase in net position this fiscal year. As mentioned in Government-wide Highlights, the U.S. Army Corps of Engineers (USACE) has made a significant investment in the City's 12.5-mile long floodwall and levee system. In 2017, a Project Partnership Agreement was made between the Department of the Army and the City for Phase 2 of the Ohio River Shoreline, Paducah KY Reconstruction Project. The portion completed through the City, which included Pump Stations #2 and #9, flap gates, and seal closures is substantially finished, and those improvements were added to the City's infrastructure in prior years. In June 2025, the City received cost data from USACE for their 65% share of total project costs totaling \$22,844,492. These improvements were accepted by the City in FY2025, resulting in a sharp rise to net position. In addition, CERS and OPEB had favorable actuarial outcomes this fiscal year, which lowered the City's required pension expense and liability by over \$6.2 million.

A. Analysis of the City's Operations

The following table provides a summary of the City's operations for the years ended June 30, 2025 and 2024. Governmental activities increased the City's net position by \$29,954,504, and business-type activities increased the City's net position by \$1,648,185.

City of Paducah, Kentucky

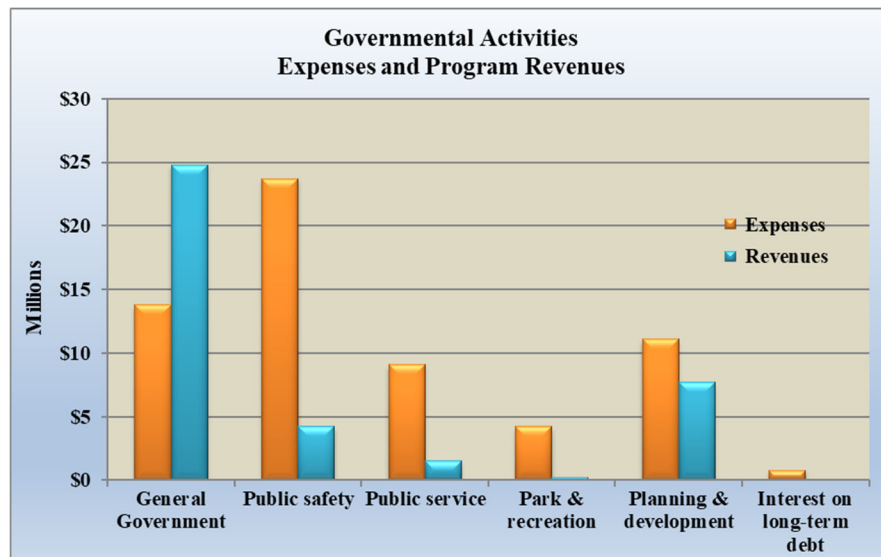
Changes in Net Position

June 30

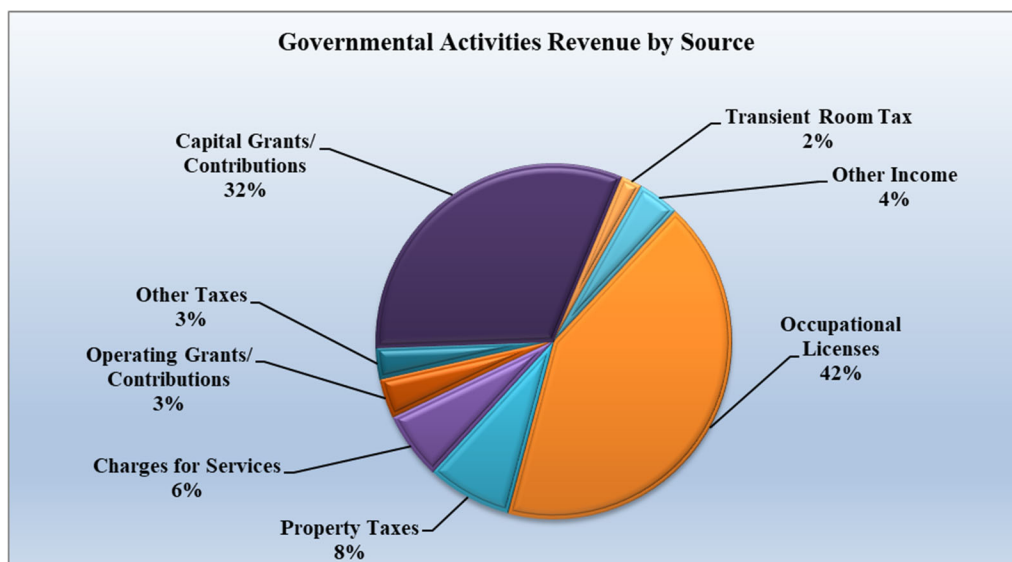
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenues:						
Program revenues:						
Charges for services	\$ 5,625,233	\$ 3,592,106	\$ 6,008,164	\$ 5,017,009	\$ 11,633,397	\$ 8,609,115
Operating grants/contributions	3,328,848	7,594,357	2,648,900	2,557,918	5,977,748	10,152,275
Capital grants/contributions	29,472,188	2,777,103	598,756	-	30,070,944	2,777,103
General revenues:						
Property taxes	7,181,645	6,778,826	-	-	7,181,645	6,778,826
Franchise taxes	366,357	237,226	-	-	366,357	237,226
Telecommunications tax	450,008	578,579	-	-	450,008	578,579
Insurance premium tax	7,102,699	7,424,599	-	-	7,102,699	7,424,599
Vehicle tax	996,255	965,620	-	-	996,255	965,620
Bank tax	410,553	402,883	-	-	410,553	402,883
Gross receipts license tax	4,779,042	5,137,856	-	-	4,779,042	5,137,856
Employee license tax	27,213,450	24,835,738	-	-	27,213,450	24,835,738
Transient room tax	1,804,696	1,802,253	-	-	1,804,696	1,802,253
Other taxes	449,336	462,472	-	-	449,336	462,472
Unrestricted investment earnings	3,459,440	2,866,207	157,971	169,462	3,617,411	3,035,669
Gain/(Loss) on sale of capital assets	2,557	(270,959)	105,484	57,081	108,041	(213,878)
Miscellaneous	-	-	-	-	-	-
Total revenues	92,642,307	65,184,866	9,519,275	7,801,470	102,161,582	72,986,336
Expenses:						
General government	13,787,393	11,710,196	-	-	13,787,393	11,710,196
Public safety	23,732,408	24,262,599	-	-	23,732,408	24,262,599
Public service	9,065,508	6,965,473	-	-	9,065,508	6,965,473
Park & recreation	4,239,585	4,295,705	-	-	4,239,585	4,295,705
Planning & development	11,088,437	4,599,675	-	-	11,088,437	4,559,675
Interest on long-term debt	790,372	434,403	-	-	790,372	434,403
Solid Waste	-	-	5,127,128	4,705,558	5,127,128	4,705,558
Section 8 Housing	-	-	2,602,010	2,487,323	2,602,010	2,487,323
Transient Boat Dock	-	-	126,052	101,929	126,052	101,929
Total expenses	62,703,703	52,228,051	7,855,190	7,294,810	70,558,893	59,522,861
Increase (decrease) in Net position before transfers	29,938,604	12,956,815	1,664,085	506,660	31,602,689	13,463,475
Transfers	15,900	320,000	(15,900)	(320,000)	-	-
Change in net position	29,954,504	13,276,815	1,648,185	186,660	31,602,689	13,463,475
Net position, July 1	45,255,734	31,978,919	1,125,136	938,476	46,380,870	32,917,395
NET POSITION, JUNE 30	\$ 75,210,238	\$ 45,255,734	\$ 2,773,321	\$ 1,125,136	\$ 77,983,559	\$ 46,380,870

B. Governmental Activities

As with most municipalities, the City's governmental activities are heavily subsidized by taxes, with little or no program revenue for each function. Fiscal year 2025 has been a very unusual year, in that the \$22.8 million contribution from the USACE resulted in significant program revenue for General Government activities. Aside from this uncommon item, the chart below demonstrates the importance of tax revenue to essential functions of the City.



The graph below depicts the breakdown of revenue by source for fiscal year 2025.



In fiscal year 2025, the City derived approximately 55% of its revenue from taxes/licenses. Occupational licenses, which include payroll withholding tax, business licenses, and insurance premium tax is the largest source of income to the City, totaling \$39.1 million. This combined category of revenue increased 4.5% from prior year, primarily driven by payroll withholding tax which was up \$2.4 million, or 9.6%, from prior year. Increases were experienced consistently across all four quarters and do not appear to be the result of one significant taxpayer’s activity, but the result of multiple entities having increases from the prior year.

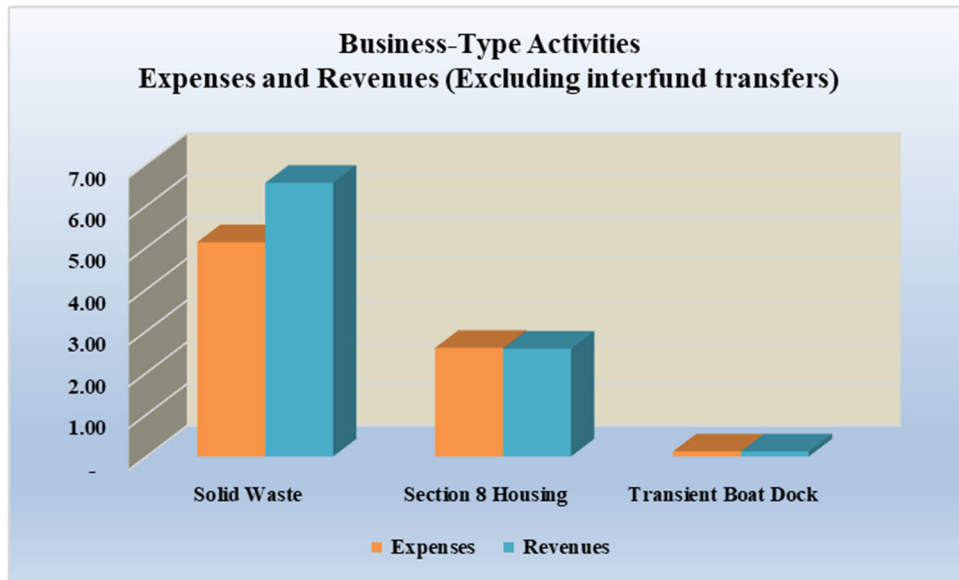
Typically, taxes/licenses comprise 70-75% of revenue. However, in FY2025 the \$22.8 million floodwall improvement contribution from the USACE is reported in Capital Grants/Contributions, significantly impacting revenue composition percentages.

Gross receipts license revenue decreased by \$359 thousand, or 7%. In 2025, the IRS extended the federal filing deadline for tax year 2024 from April 15 to November 3 due to a series of natural disasters. To keep our processes aligned with federal requirements, we did not assess penalties or interest during this period. While most taxpayers continued to file by the traditional April deadline, some businesses did take advantage of the extended time frame. Taking these collections into consideration, gross receipts remained relatively unchanged from the prior year.

Property taxes continue to be a stable source of revenue, comprising 8% of total revenue in FY2025. This is the fourth year in a row that the City has taken the 4% maximum allowed, leading to an increase in real estate tax revenue.

C. Business-Type Activities

The chart below shows the year’s revenues and expenses for each of the City’s business-type activities.



These activities should break-even; that is, the charges for services should be large enough to sustain operations. The Solid Waste Fund reflected positive results for FY2025.

Solid Waste revenues have remained very stable over time, as there is a fairly constant number of customers with an established monthly rate for most of the services provided. However, the two primary operating expenses, personnel and transfer fees, continue to increase. As a result, a rate increase was put into effect on 7/1/2024. This legislation phases in the increase over 2 years, with an allowance for a CPI fee adjustment beginning in the third year. This was the first rate increase for residential customers since 2009 and for commercial customers since 2017. Additional revenue realized from the FY2025 rate increase was approximately \$691,000, or 28%, for residential refuse fees and \$285,000, or 12%, for commercial fees.

These fees covered the increase in expenses from the prior year and places the fund into a positive trajectory for sustaining operations into the future.

Beginning in FY2012, an annual transfer is made from Solid Waste to the General Fund. The Phase II Storm Water Act requires that the City make an effort to curb solid waste from the landfill/sewer system. As a result, three full time street sweepers and eighteen right of way maintenance employees (one day a week) have been assigned to this program. Because these are General Fund employees, the Solid Waste Fund is making monthly interfund transfers to the General Fund to compensate for their use. The total amount transferred for this purpose in FY2025 was \$320,000.

Analysis of the remaining business-type activities is included in Section IV-B of this report.

Financial Analysis of the City's Funds

A. Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in determining the City's financing requirements.

At the end of the fiscal year, the City governmental funds reported combined ending fund balances of \$88,471,454, of which \$38,378,949 is restricted, \$2,147,778 is committed, \$21,678,011 is assigned, and \$550,165 is non-spendable (inventory). Approximately 29%, or \$25,716,551, is unassigned fund balance, all of which is contained in the General Fund. These funds are available for spending at the City's discretion but only up to the amount represented by cash. At year-end there was \$22.4 million available as General Fund cash. City fiscal policy (Ordinance 2024-06-8815) requires that an amount not less than 10% of the General Fund's budgeted expenditures remain undesignated in the fund balance, or \$5.8 million, which leaves \$16.6 million available for fiscal year 2025.

General Fund unassigned fund balance decreased by \$5.8 million in fiscal year 2025. The FY2025 budget authorized an \$8.3 million spend down of unassigned fund balance for various projects including: Riverfront Park development, street improvements, City-owned facility improvements, and set-aside funds for future City-owned facility replacement. The \$8.3 million planned decrease in fund balance was offset by various items to arrive at the net change of \$5.8 million. The primary driver was E911 subsidy funds in the amount of \$1.5 million that were budgeted but not utilized. In addition, revenue in excess of projections in various categories, along with unrealized payroll expense from open positions in multiple departments, resulted in an accumulation of unused funds.

The Investment Fund had a fund balance of \$2.1 million at fiscal year-end, all of which is committed for capital projects. The Investment Fund was authorized by the City Commission in fiscal year 2005-2006 as a special revenue fund whose use is restricted to property tax reduction, economic development, community redevelopment and capital and infrastructure projects. The Investment Fund captures all manner of financial activities related to revenue from the ½ cent payroll tax increase, effective October 1, 2005. Fund balance for this fund decreased by \$2.2 million in FY2025. Like the General Fund, the FY2025 budget authorized a spend down of unassigned fund balance. The \$1.6 million appropriation from fund balance included \$1 million for the City's Southside Redevelopment project, as well as an increase to the annual street rehabilitation program in the amount of \$500 thousand. In September 2024, the City approved a \$958,404

appropriation to reimburse the Paducah-McCracken County Industrial Development Authority (IDA) for site preparation including clearing, grubbing, earthwork, and engineering inspections at the Triple Rail Site in West Paducah.

The fund balance of the Opioid Settlement Fund at fiscal year-end is \$1.6 million, all of which is restricted for opioid addiction reduction efforts. In FY2025, the City hired a Deflection Specialist whose salary is 75% funded by opioid abatement settlement funds and is currently the only expenditure from this fund. Paired with a Deflection Officer, this team is working to reduce police contacts with people who may have mental health and/or substance abuse crises by building relationships with these individuals and connecting them with community stakeholders who promote recovery and mental health stability. As settlement funds continue to be received and the fund balance grows, the Commission is formulating a plan on how to further utilize these monies.

The Bond Fund had a fund balance of \$35.1 million at fiscal year-end, all of which is restricted for capital projects. In January 2025 the City issued general obligation bonds of \$25.8 million to finance both a portion of the Riverfront Park development, as well as the City's remaining share of the Paducah Sports Park construction. During this year the Sports Park entered into the heavy construction phase, resulting in \$8.3 million in expenditures.

The fund balance of the General Capital Improvements Fund at the end of fiscal year 2025 is \$19.2 million, an increase of \$13.3 million from the prior year. Funding totaling \$5.5 million was injected into the City's Riverfront Park project this fiscal year: \$3.5 million from the Kentucky Department for Local Government and a \$2 million transfer from the General Fund. Fund balance appropriations for the fiscal year similarly led to a \$2.2 million transfer into the fund for facility replacement set-aside, \$1 million for existing facility improvements, and \$1 million injection for Southside Redevelopment. The majority of these funds will be expended in FY2026. Also, in lieu of borrowing, a transfer of \$2 million was made to the fund for repayment of a public space/parking lot project that was completed in prior years. Other transfers were made for various capital projects that are smaller in nature and will be expended in future years.

The Debt Service Fund had a fund balance of \$2.2 million at fiscal year-end, increasing \$494,467 from the prior year. Typically, there are no notable changes to this restricted fund balance, as transfers are normally made from other funds as required. However, this fiscal year the annual distribution of the City's portion of transient room tax dedicated to repayment of the 2025A bond issue was in excess of the initial debt service payment (interest only) due in June. These funds will be carried over for the next debt service payment on these bonds in FY2026.

Nonmajor governmental funds had a net increase of \$732 thousand to fund balance. The notable increases for these funds were in the Emergency Communication Service Fund and Grant Fund. In FY2025, the City approved lease agreements for the use of two tower locations identified in the 911 radio upgrade, resulting in other financing sources of \$948 thousand. This offset the fund's operating loss, leading to a net increase of \$444 thousand for the fund. The Grant Fund received a \$250 thousand transfer from the Investment Fund as the City's pledge for matching funds on a \$1.3 million Humanities in Place grant from the Mellon Foundation. The City is passing this grant through to the Upper Town Heritage Foundation to support the Hotel Metropolitan located in Paducah.

B. Proprietary Funds

The City's proprietary funds provide the same information found in the government-wide financial statements but in more detail.

Net position of the respective proprietary funds are:

Solid Waste	\$1,885,825
Section 8 Housing	33,179
Transient Boat Dock	355,773

Combined total net position change for the three funds was an increase of \$1.7 million. The largest proprietary fund, Solid Waste, was discussed under Business Type Activities (Section III-C). The operations of the nonmajor enterprise funds this fiscal year went primarily as expected. As mentioned in the discussion of Business-Type Activities, the Transient Dock Fund received a General Fund transfer in the amount of \$304,100 for pumps and decking repairs that will be completed in FY2026.

General Fund Budgetary Highlights

Total actual expenditures exceeded final appropriations (including operating transfers out) by \$20.6 million. As discussed in the Government-Wide Financial Analysis, the City accepted floodwall improvements done by the USACE for \$22,844,492. For presentation in the fund statements, this transaction is reflected as both a revenue (donation) and expense (public service). This was recorded as a year-end adjustment for financial presentation purposes only, and, therefore, was not budgeted.

Other year-end adjustments had an impact on budgetary comparisons as well. Intergovernmental expense of \$372,242 represents a tax levied and collected by the City for Paducah Junior College. The City does not budget for this expenditure. In addition, the City also does not budget for adjustments related to Subscription-Based Information Technology Arrangements (SBITA). For the fund statements/budgetary basis reporting, this resulted in principal and interest requirements of \$1,123,774, and also includes \$461,481 reclassified from software maintenance operating accounts.

Excluding these above-mentioned year-end accounting adjustments, final department appropriations exceeded actual by approximately \$3.3 million, or 4%. The majority of this difference is due to the \$1.5 million in appropriations for subsidy of 911 communication operations that was not utilized. In June 2024, the City passed an ordinance to establish a fee on all occupied real estate parcels to fund this service. The parcel fee replaced the existing land-line telephone fee – a revenue source that had declined immensely over recent years, generating substantial subsidy requirements from the General Fund. Salaries/wages and related benefit slippage from unfilled positions comprise \$845 thousand of the difference, along with \$175 thousand of unspent contingency funds. The remaining areas of positive budget variance within operations appear to be scattered across many areas and not limited to a particular department or line item.

Capital Asset and Debt Administration

A. Capital Assets

The City's investment in capital assets for governmental and business-type activities as of June 30, 2025, is \$99.5 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and improvements, vehicles and equipment, park facilities, roads, highways, bridges, and construction in progress.

Capital improvements are included in each department budget until improvements are completed. At the end of the fiscal year, completed projects are capitalized in the Government-wide Statements. During fiscal year 2025, project and equipment additions totaled over \$37.1 million (excludes right-to-use lease assets

and subscription-based information technology arrangements (SBITA)). Multiple projects totaling \$8.3 million remained in construction in progress at year-end.

Some of the largest capital-type project additions, in terms of dollars in fiscal year 2025, are shown in the following table:

Floodwall rehabilitation	\$24,678,093
Riverfront Park Improvements (Construction in Progress)	2,479,196
S. 25 th Street Improvements	2,401,437
S. 24 th Street Improvements (Construction in Progress)	789,460
Allie Morgan Building Rehabilitation	872,635
Pumper truck	679,587
Compost grinder & stacker	749,275
Sweeper truck	349,565

In the upcoming years, several street, building improvement, and drainage projects will continue and are estimated to cost several million dollars. Capital improvement projects including infrastructure, City-owned facility improvements, continued neighborhood revitalization, and street and sidewalk rehabilitation are among the projects to be addressed.

City of Paducah, Kentucky
 Capital Assets
 (Net of Accumulated Depreciation)
 June 30

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Land	\$ 10,267,997	\$ 10,267,997	\$ 68,886	\$ 68,886	\$ 10,336,883	\$ 10,336,883
Land improvements	22,450,558	24,023,963	-	-	22,450,558	24,023,963
Construction in progress	8,320,133	9,486,147	-	-	8,320,133	9,486,147
Buildings and improvements	9,159,205	8,540,059	179,000	188,554	9,338,205	8,728,613
Infrastructure	47,012,066	21,629,664	-	-	47,012,066	21,629,664
Equipment	4,013,729	3,302,314	2,027,958	1,107,309	6,041,687	4,409,623
Furnishings and fixtures	58,647	39,221	-	-	58,647	39,221
Vehicles	4,780,859	3,583,008	814,690	1,120,613	5,595,549	4,703,621
Leases	1,173,987	-	-	-	1,173,987	-
SBITA	2,105,824	2,335,329	72,443	120,738	2,178,267	2,456,067
TOTALS	<u>\$ 109,343,005</u>	<u>\$ 83,207,702</u>	<u>\$ 3,162,977</u>	<u>\$ 2,606,100</u>	<u>\$112,505,982</u>	<u>\$85,813,802</u>

Additional information on City capital assets can be found in Note 3 in the notes to financial statements on pages 69-71.

B. Long-Term Debt

At year-end, the City had \$60,318,669 in outstanding bonds and notes payable, compared to \$35,904,467 at June 30, 2024, with maturities extending through 2045.

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Convention Center Renovation – 2008	\$638,044	\$809,048
Public Pool Renovations – 2013A	345,000	425,000
Refinanced Public Projects – 2014A	1,875,000	2,220,000
Refinanced Police/Firefighter Pension Fund Liability – 2014B	180,000	610,000
CFSB Agreement - 2017	2,614,083	2,666,440
Riverfront and 911 Equipment – 2018A	1,710,000	1,895,000
Kentucky Infrastructure Authority – 2018	3,635,263	3,827,800
Refinanced KLC and Floodwall Rehabilitation – 2018B	655,000	810,000
Recreation Facility – 2020A	19,785,000	20,260,000
Refinanced Convention Center – 2020B	535,000	1,055,000
Refinanced Murray State University Agreement – 2022A	985,683	1,105,289
Sports Facility and Riverfront Park – 2025A	25,815,000	-
Net Premiums/Discounts	<u>1,545,596</u>	<u>220,890</u>
TOTALS	<u>\$60,318,669</u>	<u>\$35,904,467</u>

The City had one new debt issue during FY2025.

Sports Park and Riverfront Park. In January 2025 (2025A), the City issued general obligation bonds of \$25,815,000 to finance the completion of the construction of a municipal sports park, as well as the completion of Riverfront Park improvements.

Debt issues prior to July 1, 2024 are described below:

Refinanced Murray State University (MSU) Agreement. In January 2022 (2022A), McCracken County issued general obligation refunding bonds to advance refund the original 2011 series bonds issued. The City's portion of this amount was \$1,330,614.

Refinanced Convention and Performing Arts Center. In October 2020, the City issued general obligation refunding bonds of \$3,020,000 (2020B) to advance refund \$3,140,000 of outstanding 2010B series bonds issued to refinance the original 2001 issue.

Municipal Sports and Recreational Facility. In February 2020 (2020A), the City issued general obligation bonds of \$20,520,000 to finance the construction of a municipal sports and recreation facility.

Riverfront and 911 Equipment. In August 2018 (2018A), the City issued general obligation bonds of \$2,700,000 to finance 911 equipment (\$1.045 million) and riverfront development (\$1.655 million).

Refinanced KLC and Floodwall Rehabilitation. In August 2018 (2018B), the City issued general obligation bonds of \$2,670,000 to refund \$2,815,573 of outstanding Kentucky League of Cities Funding Trust 2003 Lease and 2009 lease agreements issued to finance several public improvement projects.

Kentucky Infrastructure Authority (KIA). In July 2018, the City entered into an agreement with KIA to obtain up to \$4,610,667 for rehabilitation of Pump Station #2.

Julian Carroll Convention Center Improvements. In January 2017, the City entered into an agreement with Community Financial Services Bank in the amount of \$3 million on behalf of McCracken County to finance improvements to the Julian Carroll Convention Center.

Police/Firefighter Pension Fund Liability – Refinance. In November 2014 (2014B), a \$4.225 million general obligation was issued to advance refund \$3.845 of outstanding 2005 series bonds. The 2005 bonds were issued to finance the police and firefighters’ pension fund estimated pension liability.

Public Improvement Projects – Refinance. In May 2014 (2014A), a \$5.46 million general obligation was issued to refund \$5.545 million of outstanding 2010 series bonds. The 2010 bonds were issued to finance several public improvement projects including a major park parking lot renovation and several resurfacing projects, sports park property acquisition, pavilion acquisition, greenway trail development, and the public portion of a hotel purchase.

Public Pool Renovations. In September 2013 (2013A), \$1.12 million in general obligation bonds were issued to finance Noble Park’s pool renovation project.

Convention Center Renovation. In March 2009, McCracken County entered into an agreement in the amount \$5,000,000 with the Kentucky Association of Counties to finance renovations to the Julian Carroll Convention Center. The note was issued by McCracken County; however, the City is obligated for 50% of the principal amount through an Interlocal Cooperative Agreement between the City and McCracken County.

The City’s legal debt limit under §158 of the Kentucky Constitution is 10% of total assessed value of taxable property in Paducah; therefore, the debt limit is \$338,303,553. The City’s latest bond rating by Standard & Poor’s is AA-.

The City of Paducah, Kentucky, issues and incurs debt in order to fund capital improvement projects, purchase major capital equipment and facilities, and respond to other special funding needs. In fiscal year 2025, just under 2.5% of the General Fund budget was expended for debt service.

Additional information on the City’s long-term debt can be found in Note 3 in the notes to financial statements on pages 73-77.

Other Potentially Significant Matters.

- A. Paducah Sports Park.** In the interlocal agreement entered among the City, County and McCracken County Sports Tourism Commission (STC) for the development of the Paducah Sports Park, both the City and County commit to being equal partners, both financial and participatory, through the life of the agreement. The City and County have devoted existing land and facilities to the project, including the Bluegrass Downs property (owned by the County) and Stuart Nelson Park (owned by the City). Total project costs are estimated to be \$70 million. The City is currently using \$12.5 million of existing bond proceeds (Series 2020A GOB) for its half of the first tranche of funding for design and construction. The City’s remaining balance of construction costs (\$22.5 million) was obtained this fiscal year with the issuance of additional bonds (Series 2025A GOB). The agreement states that the STC will restrict 80% of transient room taxes received for debt service payments, and will continue to do so until the debt is paid in full. Any shortfalls during this time will be shared equally by the City and County. Although the City is hopeful that these restricted funds will cover a significant portion of debt service payments over the life of the bonds, the amount of shortfall is uncertain. Similarly, during subsequent operation of the facilities, if, in any fiscal year during the term of the agreement, the STC incurs a shortfall of operating revenue to cover expenses attributable to the operation of the athletic complex, the City and County shall each make up one-half of the shortfall. While the pro forma produced for this project indicates profitability early in the complex’s

operations, the City does have this potential liability through the life of the agreement. The initial agreement period is 20 years.

- B. City Facilities.** In 2019, the City engaged an engineering firm to assist in the assessment of 14 City facilities. The assessment team began with touring each building and scoring the various components and systems in each facility from 1 to 5 (excellent to poor). The team then developed a list of needs and a 10-year plan for each building ranging from immediate needs that are recommended to be completed in 1 to 3 years, and long-range that could be completed in years 4 through 10. The Facilities Survey and Plan was presented to the Commission in summer 2020. This survey revealed that the average score for all 14 buildings was 3.5, which is between average and below average. The facilities with the lowest scores were Fire Station No. 1, Fire Station No. 4, Parks & Recreation Building, Police Station, and the Robert Cherry Civic Center.

Since the initiation of facility improvement/set-aside projects in FY2022, appropriations have led to a total investment of over \$5 million to address both refurbishments and facility replacement. Completed projects include the renovation of the Robert Cherry Civic Center, which has allowed Parks administrative staff to relocate from the Parks & Recreation Building. Major renovations have also been completed at Fire Station #2 and the technology division of the Allie Morgan Building. Unfortunately, additional facility concerns were raised this fiscal year with regard to the City Hall concrete cantilever. Understanding that it is the Commission's intent to remain in the current City Hall for the long term, an evaluation is being conducted as to how to best address the issue with assurance that the building remains safe, functional, and aligned with future use.

Because of the enormity of some of this and other problems identified, additional financing options in the future to supplement the funds currently being set-aside will need to be a consideration.

- C. Stormwater.** Because of Paducah's location on the Ohio River's floodplain, nearly 204,000 square miles of land drain to Paducah. Paducah has 110 miles of storm sewer and 69 miles of combined sewer. Unfortunately, much of the City's development occurred at a time when stormwater management was not a priority and the current development ordinances were not in place. The current system is aging, with the majority of Paducah's storm sewers between 60 to 100 years old. In March 2017, the City contracted with an engineering firm to complete a Comprehensive Stormwater Master Plan for Paducah. The Master Plan's first phase identified approximately \$43 million in flood mitigation projects located within ten priority areas in the City. The Master Plan's second phase included the development of annual operation and maintenance costs and the costs for repair and replacement of existing infrastructure, the projection of future funding needs, funding alternatives and rate options, billing system options, a rate comparison, and a storm water utility ordinance. The development of a stormwater utility, along with a stormwater infrastructure fee of \$6.13 per month per Equivalent Residential Unit (ERU) was proposed in 2019. This has not been implemented.

The lack of a dedicated funding source for the City to solve drainage problems, repair and maintain existing storm infrastructure, and comply with federal regulatory requirements associated with water quality, has led to the City tackling individual projects as funding allows. In recent years the City has received 3 FEMA Disaster Relief funded projects, one of which was utilized to partially fund the replacement of a dilapidated bridge that has been affected by flooding and severe weather events. The City also appropriated \$4 million in ARPA funds to stormwater improvements. A portion of the ARPA funds were used for this bridge project, along with another project that involves the purchase of land by the City to create a 4-acre stormwater detention area to help reduce residential flooding along Cross Creek. Although progress has been made with current projects, funding sources for future projects are uncertain.

Requests for Information

This financial report is designed to provide a general financial overview for those interested in the City of Paducah government finances. Questions or requests for additional financial information may be addressed to: Audra Kyle, Finance Director, City of Paducah, 300 South 5th Street, Paducah, KY 42003.

CITY OF PADUCAH, KENTUCKY

BASIC FINANCIAL STATEMENTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

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CITY OF PADUCAH, KENTUCKY
STATEMENT OF NET POSITION
JUNE 30, 2025

<u>ASSETS</u>	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Paducah Water Works Authority</u>
Current Assets:				
Cash and cash equivalents	\$ 55,604,314	\$ 3,681,382	\$ 59,285,696	\$ 4,240,620
Investments	36,082,430	-	36,082,430	-
Receivables, net:				
Notes	1,219,767	-	1,219,767	-
Accounts	10,271,714	654,310	10,926,024	1,740,111
Leases	530,007	-	530,007	34,775
Grants	2,598,616	-	2,598,616	-
Interest	23,293	-	23,293	-
Property tax	7,810,725	-	7,810,725	-
Other	-	-	-	782,167
Internal balances	(498,544)	498,544	-	-
Inventory	640,968	18,553	659,521	2,009,006
Prepaid expenses	772,913	-	772,913	90,714
Other current assets	-	-	-	476,715
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	115,056,203	4,852,789	119,908,992	9,374,108
Noncurrent Assets:				
Notes receivable	2,561,816	-	2,561,816	-
Lease receivable	1,824,745	-	1,824,745	-
Prepaid OPEB obligation	493,397	63,356	556,753	197,486
Capital assets:				
Land and construction in progress	18,588,130	68,886	18,657,016	2,296,273
Depreciable capital assets	90,754,875	3,094,091	93,848,966	77,412,337
Cash, designated	-	-	-	8,066,914
Other assets	-	-	-	307,666
	<hr/>	<hr/>	<hr/>	<hr/>
Total noncurrent assets	114,222,963	3,226,333	117,449,296	88,280,676
Total assets	<hr/>	<hr/>	<hr/>	<hr/>
	229,279,166	8,079,122	237,358,288	97,654,784
Deferred Outflows of Resources:				
Deferred pension related outflows	10,394,605	335,722	10,730,327	1,559,137
Deferred OPEB related outflows	3,316,113	116,706	3,432,819	552,178
Deferred charges on refunding	31,763	-	31,763	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred outflows of resources	13,742,481	452,428	14,194,909	2,111,315

See accompanying notes to the basic financial statements.

<u>LIABILITIES</u>	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Paducah Water Works Authority
Current Liabilities:				
Voucher and accounts payable	4,712,978	270,971	4,983,949	1,214,124
Accrued payables	2,251,618	71,015	2,322,633	1,054,807
Unearned revenue	732,800	47,551	780,351	-
Accrued compensated absences	1,918,273	89,684	2,007,957	382,313
Accrued interest	402,254	-	402,254	11,454
Notes payable due within one year	548,576	-	548,576	494,242
Bonds payable due within one year	3,040,000	-	3,040,000	-
Lease & SBITA payable due within one year	1,048,092	50,407	1,098,499	596,525
Replacement reserve	-	-	-	277,100
Other current liabilities	-	-	-	175,123
Total current liabilities	14,654,591	529,628	15,184,219	4,205,688
Noncurrent Liabilities:				
Accrued compensated absences	1,361,141	98,817	1,459,958	259,141
Landfill post-closure costs	-	2,062,500	2,062,500	-
Net pension liability	58,598,765	2,188,289	60,787,054	6,820,971
Net other post employment benefits liability	1,881,112	-	1,881,112	-
Lease & SBITA payable	2,193,244	25,841	2,219,085	133,982
Notes payable	7,324,497	-	7,324,497	3,349,898
Bonds payable	49,405,596	-	49,405,596	-
Total noncurrent liabilities	120,764,355	4,375,447	125,139,802	10,563,992
Total liabilities	135,418,946	4,905,075	140,324,021	14,769,680
Deferred Inflows of Resources				
Deferred revenues - leases	2,208,630	-	2,208,630	35,251
Deferred revenues - property taxes	7,557,323	-	7,557,323	-
Deferred pension related inflows	7,581,128	239,563	7,820,691	1,460,854
Deferred OPEB related inflows	15,045,382	613,591	15,658,973	2,257,866
Total deferred inflows of resources	32,392,463	853,154	33,245,617	3,753,971
<u>NET POSITION</u>				
Net invested in capital assets	96,401,070	3,086,729	99,487,799	75,133,963
Restricted for:				
Housing and program projects	4,703,528	27,734	4,731,262	-
Capital projects & infrastructure	1,134,317	-	1,134,317	-
Public safety	234,351	-	234,351	-
OPEB	493,397	63,356	556,753	-
Unrestricted	(27,756,425)	(404,498)	(28,160,923)	6,108,485
TOTAL NET POSITION	\$ 75,210,238	\$ 2,773,321	\$ 77,983,559	\$ 81,242,448

See accompanying notes to the basic financial statements.

CITY OF PADUCAH, KENTUCKY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

<u>FUNCTIONS/PROGRAMS</u>	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:				
Governmental activities:				
General government	\$ 13,787,393	\$ 1,385,771	\$ 563,156	\$ 22,847,492
Public safety	23,732,408	2,913,587	1,011,249	302,042
Public service	9,065,508	1,145,205	379,275	-
Parks and recreation	4,239,585	180,670	-	31,600
Planning and development	11,088,437	-	1,375,168	6,291,054
Interest on long-term debt	790,372	-	-	-
Total governmental activities (See Note 1)	62,703,703	5,625,233	3,328,848	29,472,188
Business-type activities:				
Solid Waste	5,127,128	5,886,446	65,326	598,756
Section 8 Housing	2,602,010	1,317	2,583,574	-
Transient Boat Dock	126,052	120,401	-	-
Total business-type activities	7,855,190	6,008,164	2,648,900	598,756
TOTAL PRIMARY GOVERNMENT	\$ 70,558,893	\$ 11,633,397	\$ 5,977,748	\$ 30,070,944
Component Unit:				
Authorities:				
Paducah Water Works Authority	\$ 12,090,221	\$ 16,330,930	\$ -	\$ 1,223,559
TOTAL COMPONENT UNITS	\$ 12,090,221	\$ 16,330,930	\$ -	\$ 1,223,559
		General revenues: Taxes and licenses: Property taxes, levied for general purposes Insurance premium tax Gross receipts license tax Employee license tax Franchise tax Telecommunications tax Vehicle tax Bank tax Transient room tax Other taxes and fees Unrestricted investment earnings Sale of assets Total general revenues Transfers Total general revenues and transfers Change in net position Change for compensated absences (Note 12) Net position - beginning Net position - ending		

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government		Component Unit	
Governmental Activities	Business-type Activities	Total	Paducah Water Works Authority
\$ 11,009,026	\$ -	\$ 11,009,026	\$ -
(19,505,530)	-	(19,505,530)	-
(7,541,028)	-	(7,541,028)	-
(4,027,315)	-	(4,027,315)	-
(3,422,215)	-	(3,422,215)	-
(790,372)	-	(790,372)	-
(24,277,434)	-	(24,277,434)	-
-	1,423,400	1,423,400	-
-	(17,119)	(17,119)	-
-	(5,651)	(5,651)	-
-	1,400,630	1,400,630	-
(24,277,434)	1,400,630	(22,876,804)	-
-	-	-	5,464,268
-	-	-	5,464,268
7,181,645	-	7,181,645	-
7,102,699	-	7,102,699	-
4,779,042	-	4,779,042	-
27,213,450	-	27,213,450	-
366,357	-	366,357	-
450,008	-	450,008	-
996,255	-	996,255	-
410,553	-	410,553	-
1,804,696	-	1,804,696	-
449,336	-	449,336	-
3,459,440	157,971	3,617,411	509,344
2,557	105,484	108,041	393,068
54,216,038	263,455	54,479,493	902,412
15,900	(15,900)	-	-
54,231,938	247,555	54,479,493	902,412
29,954,504	1,648,185	31,602,689	6,366,680
			(214,334)
45,255,734	1,125,136	46,380,870	75,090,102
<u>\$ 75,210,238</u>	<u>\$ 2,773,321</u>	<u>\$ 77,983,559</u>	<u>\$ 81,242,448</u>

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CITY OF PADUCAH, KENTUCKY

BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

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CITY OF PADUCAH, KENTUCKY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Special Revenue	
		Investment Fund	Opioid Settlement Fund
Assets			
Cash and cash equivalents	\$ 22,361,728	\$ 1,149,027	\$ 1,375,922
Investments	-	-	-
Receivables:			
Accounts	7,584,322	-	3,069,780
Leases	2,354,752	-	-
Grants	75,901	-	-
Property taxes (net of allowances for uncollectibles)	7,823,725	-	-
Inventory	-	-	-
Due from other funds	-	1,369,675	-
Total assets	\$ 40,200,428	\$ 2,518,702	\$ 4,445,702
Liabilities			
Voucher and accounts payable	\$ 760,965	\$ 370,924	\$ -
Accrued payroll and payroll taxes	2,032,843	-	2,540
Due to other funds	1,369,675	-	-
Due to other taxing agencies	97,287	-	-
Unearned revenue - other	-	-	-
Accrued compensated absences	294,313	-	-
Total liabilities	4,555,083	370,924	2,540
Deferred Inflows of Resources			
Unavailable revenue - leases	2,208,630	-	-
Unavailable revenue - opioid settlement	-	-	2,865,747
Unavailable revenue - property taxes	7,720,164	-	-
Total deferred inflows of resources	9,928,794	-	2,865,747
Fund Balances:			
Nonspendable:			
Inventory	-	-	-
Restricted for:			
Highways and streets	-	-	-
Public safety	-	-	-
Program purposes	-	-	1,577,415
Capital improvements	-	-	-
Committed for:			
Capital improvements	-	2,147,778	-
Assigned for:			
Public safety	-	-	-
Debt service	-	-	-
Capital improvements	-	-	-
Unassigned:			
General Fund	25,716,551	-	-
Total fund balances	25,716,551	2,147,778	1,577,415
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 40,200,428	\$ 2,518,702	\$ 4,445,702

See accompanying notes to the basic financial statements.

Bond Fund	General Capital Improvements	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 30,254	\$ 17,713,985	\$ 2,224,625	\$ 3,743,991	\$ 48,599,532
36,082,430	-	-	-	36,082,430
-	-	-	249,990	10,904,092
-	-	-	-	2,354,752
-	2,521,515	-	1,200	2,598,616
-	-	-	-	7,823,725
-	550,165	-	-	550,165
-	-	-	-	1,369,675
<u>\$ 36,112,684</u>	<u>\$ 20,785,665</u>	<u>\$ 2,224,625</u>	<u>\$ 3,995,181</u>	<u>\$ 110,282,987</u>
\$ 1,061,828	\$ 1,549,882	\$ -	\$ 652,037	\$ 4,395,636
-	-	-	91,898	2,127,281
-	-	-	-	1,369,675
-	-	-	-	97,287
-	2,984	-	729,816	732,800
-	-	-	-	294,313
<u>1,061,828</u>	<u>1,552,866</u>	<u>-</u>	<u>1,473,751</u>	<u>9,016,992</u>
-	-	-	-	2,208,630
-	-	-	-	2,865,747
-	-	-	-	7,720,164
-	-	-	-	12,794,541
-	550,165	-	-	550,165
-	-	-	1,134,317	1,134,317
-	-	-	234,351	234,351
-	-	-	382,010	1,959,425
35,050,856	-	-	-	35,050,856
-	-	-	-	2,147,778
-	-	-	770,752	770,752
-	-	2,224,625	-	2,224,625
-	18,682,634	-	-	18,682,634
-	-	-	-	25,716,551
<u>35,050,856</u>	<u>19,232,799</u>	<u>2,224,625</u>	<u>2,521,430</u>	<u>88,471,454</u>
<u>\$ 36,112,684</u>	<u>\$ 20,785,665</u>	<u>\$ 2,224,625</u>	<u>\$ 3,995,181</u>	<u>\$ 110,282,987</u>

CITY OF PADUCAH, KENTUCKY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2025

Total fund balance - total governmental fund: \$ 88,471,454

Amounts reported for governmental activities in the Statement of Net Position are different because:

Delinquent property taxes receivable are not reported in the governmental funds balance sheet since they are not considered "available" revenues. 149,841

The long-term notes receivable are not reported in the governmental funds balance sheet since they are not available to pay current period expenditures. 2,881,583

Interest receivable on the long-term notes receivable is not reported on the governmental funds balance sheet since neither the note receivable nor the interest is available to pay current period expenditures. 23,293

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. This amount includes capital assets of Internal Service Funds. 109,343,005

Prepaid OPEB obligations are not reported in the governmental funds balance sheet since they are not available to pay current period expenditures. 493,397

Deferred refunding costs and deferred pension activity in governmental activities are not current financial resources or payables and, therefore, are not reported in the governmental funds balance sheet:

Deferred refunding costs	\$ 31,763	
Deferred OPEB related inflows	(15,045,382)	
Deferred OPEB related outflows	3,316,113	
Deferred pension related inflows	(7,581,128)	
Deferred pension related outflows	<u>10,394,605</u>	(8,884,029)

See accompanying notes to the basic financial statements.

(Continued)

CITY OF PADUCAH, KENTUCKY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2025

Unearned revenues from opioid settlement are not available in the current period and, therefore, are deferred in the governmental funds balance sheet.		\$ 2,865,747
The portion of accrued compensated absences that are not due and payable in the current period, and therefore, not reported in the governmental funds balance sheet.		(2,940,330)
Accrued interest payments on debt are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.		(402,254)
Long-term pensions, OPEB, leases, SBITA, bonds and notes are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet. The long-term pensions, OPEB, leases, SBITA, bonds and notes are:		
Due within one year	\$ 4,636,668	
Due after one year	<u>119,403,214</u>	(124,039,882)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the Internal Service Funds (net of amount allocated to business-type activities) not included in other reconciling items are:		
Current assets	\$ 8,136,119	
Current liabilities	(389,162)	
Net amount allocated to business-type activities	<u>(498,544)</u>	<u>7,248,413</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 75,210,238</u></u>

See accompanying notes to the basic financial statements

CITY OF PADUCAH, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue	
		Investment Fund	Opioid Settlement Fund
Revenues:			
Taxes	\$ 9,653,772	\$ -	\$ -
Licenses	33,384,231	6,762,425	-
Charges for services	861,798	-	-
Intergovernmental	-	-	-
Grants	969,064	-	-
Interest	1,909,280	-	58,778
Property upkeep, donations, rentals, sales and other fees	24,145,340	-	342,728
Total revenues	<u>70,923,485</u>	<u>6,762,425</u>	<u>401,506</u>
Expenditures:			
Current operations:			
General government	7,077,101	-	-
Public safety	24,484,708	-	-
Public service	29,450,005	-	43,402
Parks and recreation	3,655,972	-	-
Planning and development	-	1,994,233	-
Intergovernmental and other	457,523	-	-
Capital outlay	-	-	-
Debt service:			
Principal requirement	1,117,931	-	-
Debt issuance costs	-	-	-
Interest requirement	78,166	-	-
Total expenditures	<u>66,321,406</u>	<u>1,994,233</u>	<u>43,402</u>
Excess (deficiency) of revenues over expenditures	<u>4,602,079</u>	<u>4,768,192</u>	<u>358,104</u>
Other Financing Sources (Uses):			
Issuance of long term debt	-	-	-
Leases & subscription-based information technology arrangements	990,377	-	-
Premium on debt issued	-	-	-
Discount on debt issued	-	-	-
Transfers in	627,053	70,000	-
Transfers out	(12,040,165)	(7,074,168)	-
Total other financing sources (uses)	<u>(10,422,735)</u>	<u>(7,004,168)</u>	<u>-</u>
Net change in fund balances	(5,820,656)	(2,235,976)	358,104
Fund balances - beginning	<u>31,537,207</u>	<u>4,383,754</u>	<u>1,219,311</u>
Fund balances - ending	<u>\$ 25,716,551</u>	<u>\$ 2,147,778</u>	<u>\$ 1,577,415</u>

See accompanying notes to the basic financial statements.

Bond Fund	General Capital Improvements	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 2,074,793	\$ 11,728,565
-	-	-	-	40,146,656
-	-	-	457,577	1,319,375
-	44,820	1,361,598	513,318	1,919,736
-	6,378,928	-	334,225	7,682,217
936,621	-	92,990	141,111	3,138,780
-	378,229	-	2,675,276	27,541,573
<u>936,621</u>	<u>6,801,977</u>	<u>1,454,588</u>	<u>6,196,300</u>	<u>93,476,902</u>
-	-	-	-	7,077,101
-	-	-	4,020,977	28,505,685
-	-	-	2,731,715	32,225,122
-	-	-	-	3,655,972
8,265,699	-	-	2,017,396	12,277,328
-	-	-	-	457,523
-	6,508,627	-	-	6,508,627
-	-	2,725,504	27,767	3,871,202
247,444	-	-	-	247,444
-	-	1,252,341	29,233	1,359,740
<u>8,513,143</u>	<u>6,508,627</u>	<u>3,977,845</u>	<u>8,827,088</u>	<u>96,185,744</u>
<u>(7,576,522)</u>	<u>293,350</u>	<u>(2,523,257)</u>	<u>(2,630,788)</u>	<u>(2,708,842)</u>
25,815,000	-	-	-	25,815,000
-	-	-	948,223	1,938,600
1,532,035	-	-	-	1,532,035
(96,517)	-	-	-	(96,517)
19,131	14,773,154	3,017,724	2,616,648	21,123,710
-	(1,811,158)	-	(202,523)	(21,128,014)
<u>27,269,649</u>	<u>12,961,996</u>	<u>3,017,724</u>	<u>3,362,348</u>	<u>29,184,814</u>
19,693,127	13,255,346	494,467	731,560	26,475,972
<u>15,357,729</u>	<u>5,977,453</u>	<u>1,730,158</u>	<u>1,789,870</u>	<u>61,995,482</u>
<u>\$ 35,050,856</u>	<u>\$ 19,232,799</u>	<u>\$ 2,224,625</u>	<u>\$ 2,521,430</u>	<u>\$ 88,471,454</u>

CITY OF PADUCAH, KENTUCKY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net change in fund balances - total governmental funds \$ 26,475,972

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

Opioid settlement revenues are deferred in the governmental funds until available. (273,122)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the capitalized amount of capital outlays in the current period. This amount includes Internal Service Fund's capital outlays of \$2,206,860. 32,478,264

Collections on long-term notes receivables and related interest receivable are revenues in the government funds when collected. (312,357)

Payments on property taxes recognized as revenues when received in the governmental funds and as levied in the government-wide statements. This is the amount of cash collections that exceeded accrued property tax revenues. (7,586)

The payments of pension and OPEB contributions require the use of current financial resources and, therefore, are reported as expenditures in governmental funds. However, the current year payments are deferred outflows of resources in the government-wide statements and accrued pension and OPEB expenses are recorded when incurred. 5,133,424

Proceeds of the issuance of debt including bond premium and discount, leases, and subscription based information technology leases provides current financial resources and is reported as an other financing source in governmental funds. (29,189,118)

Only the loss on the disposal of capital assets and abandoned capital projects are reported in the Statement of Activities, whereas in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs by the net book value of capital assets and projects disposed. (90,101)

See accompanying notes to the basic financial statements.

(Continued)

CITY OF PADUCAH, KENTUCKY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Depreciation expense on capital assets is reported in the government-wide Statement of Activities and Changes in Net Position, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds. This amount includes Internal Service Funds' depreciation expense of \$886,355. (6,208,202)

Principal payments of debt and payment to escrow agent for refunding require the use of current financial resources and, therefore, are reported as expenditures in governmental funds. However, these payments of debt do not affect net position in the government-wide Statement of Activities. 3,871,201

Accrued interest payments on debt do not require the use of current financial resources. Interest expense is reported net of the change in accrued interest payable in the government-wide Statement of Activities. (77,039)

Long-term accrued compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (451,805)

Governmental funds report the effect of bond premiums, discounts and refunding costs when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. 87,743

Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the Internal Service Funds is reported with governmental activities net of the amount allocated to business-type activities and depreciation expense. These amounts are as follows:

Change in net position	\$ (239,910)	
Net of amount allocated to business-type activities	77,645	
Capital outlays	(2,206,860)	
Depreciation expense	<u>886,355</u>	<u>(1,482,770)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 29,954,504**

CITY OF PADUCAH, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Real and personal, current year	\$ 8,034,095	\$ 8,034,095	\$ 8,096,963	\$ 62,868
Real and personal, prior year	30,000	30,000	31,702	1,702
Franchise	350,000	350,000	366,357	16,357
Bank taxes	405,000	405,000	410,553	5,553
In lieu of tax payment	295,000	295,000	303,701	8,701
Penalty, interest and advertising	60,000	60,000	72,254	12,254
Paducah Junior College tax collections	-	-	372,242	372,242
Total taxes	9,174,095	9,174,095	9,653,772	479,677
Licenses:				
Business licenses	5,450,000	5,450,000	4,779,042	(670,958)
Employee earnings	20,300,000	20,300,000	20,451,024	151,024
Cable franchise fees	343,000	343,000	294,722	(48,278)
Penalties	325,000	325,000	361,037	36,037
Alcoholic beverages	185,000	185,000	170,557	(14,443)
Insurance premium tax	6,500,000	6,500,000	7,102,699	602,699
Building permits	136,000	136,000	195,784	59,784
Electrical permits	65,000	65,000	69,078	4,078
Zoning change fees	9,000	9,000	8,650	(350)
Miscellaneous building and electrical fees	4,000	4,000	3,500	(500)
Payroll tax sharing with County	(26,500)	(26,500)	(51,862)	(25,362)
Total licenses	33,290,500	33,290,500	33,384,231	93,731
Charges for services:				
Tax collection fee	270,600	270,600	277,224	6,624
Administrative charge	363,800	363,800	366,292	2,492
Base court revenue	35,000	35,000	37,611	2,611
Recreation fees	142,000	142,000	180,671	38,671
Total charges for services	811,400	811,400	861,798	50,398

See accompanying notes to the basic financial statements.

(Continued)

CITY OF PADUCAH, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Grants:				
Police State Incentive	\$ 458,000	\$ 458,000	\$ 441,280	\$ (16,720)
Fire State Incentive	375,000	375,000	400,340	25,340
Police supplemental grants	-	-	127,444	127,444
Other grants	158,305	158,305	-	(158,305)
Total grants	991,305	991,305	969,064	(22,241)
Interest	1,403,600	1,403,600	1,909,280	505,680
Other:				
Property rent and sales	881,951	869,981	773,639	(96,342)
Property upkeep and maintenance	116,380	116,380	122,318	5,938
E911 - GIS	37,200	37,200	37,212	12
Donations, fines and other	168,500	171,500	23,212,171	23,040,671
Total other	1,204,031	1,195,061	24,145,340	22,950,279
Total revenues	46,874,931	46,865,961	70,923,485	24,057,524
Expenditures:				
General government:				
General administration:				
Mayor and Commissioners	304,218	331,623	316,437	15,186
City Manager	865,172	884,807	871,518	13,289
City Clerk	528,632	531,632	478,686	52,946
Corporate Counsel	250,000	333,430	332,369	1,061
Non-departmental	860,000	866,820	659,215	207,605
Memberships and contingency	5,800	7,830	7,582	248
Civic beautification	5,000	6,600	6,554	46
Total general administration	2,818,822	2,962,742	2,672,361	290,381
Finance:				
Finance administration	389,698	405,688	393,772	11,916
Accounting and payroll	508,422	509,167	492,968	16,199
Revenue collection	624,862	606,267	578,898	27,369
Total finance	1,522,982	1,521,122	1,465,638	55,484

See accompanying notes to the basic financial statements.

(Continued)

CITY OF PADUCAH, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General government:				
Planning:				
Administration	\$ 286,599	\$ 288,624	\$ 269,834	\$ 18,790
Planning	619,294	617,269	470,146	147,123
Total planning	905,893	905,893	739,980	165,913
Radio and rental property	179,517	167,547	103,272	64,275
Human rights	15,215	15,215	14,023	1,192
Information systems	2,033,876	1,910,811	1,081,402	829,409
Human resources/risk management	707,568	710,568	690,425	20,143
Total general government	8,183,873	8,193,898	6,767,101	1,426,797
Public safety:				
Police:				
Police administration	1,923,233	1,896,550	2,069,975	(173,425)
Patrol	8,900,655	8,427,455	8,321,880	105,575
Investigations	2,898,304	2,668,169	2,518,122	150,047
School resource officer	341,317	295,832	275,232	20,600
Total police	14,063,509	13,288,006	13,185,209	102,797
Fire:				
Fire administration	930,763	915,974	1,015,104	(99,130)
Suppression	9,246,338	8,969,796	8,696,216	273,580
Prevention and inspection	1,517,083	1,516,936	1,383,144	133,792
Training	205,251	211,217	205,035	6,182
Total fire	11,899,435	11,613,923	11,299,499	314,424
Total public safety	25,962,944	24,901,929	24,484,708	417,221
Public service:				
Public works:				
Street maintenance	2,666,769	2,472,504	2,403,314	69,190
Street lighting	800,000	750,000	744,203	5,797
Facility maintenance	1,508,735	1,295,910	1,208,613	87,297
Total public works	4,975,504	4,518,414	4,356,130	162,284

See accompanying notes to the basic financial statements.

(Continued)

CITY OF PADUCAH, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public service:				
Engineering services:				
Engineering services	\$ 1,142,711	\$ 989,806	\$ 902,918	\$ 86,888
Flood control	941,137	1,423,457	24,190,957	(22,767,500)
Total engineering services	<u>2,083,848</u>	<u>2,413,263</u>	<u>25,093,875</u>	<u>(22,680,612)</u>
Total public service	<u>7,059,352</u>	<u>6,931,677</u>	<u>29,450,005</u>	<u>(22,518,328)</u>
Parks and recreation:				
Parks and recreation administration	979,243	833,904	804,656	29,248
Grounds maintenance	2,004,361	1,680,116	1,609,849	70,267
Pools and recreation programs	1,482,452	1,327,876	1,241,467	86,409
Total parks and recreation	<u>4,466,056</u>	<u>3,841,896</u>	<u>3,655,972</u>	<u>185,924</u>
Intergovernmental and other:				
Cable authority	85,325	85,325	85,281	44
Intergovernmental expense	-	-	372,242	(372,242)
Total intergovernmental and other	<u>85,325</u>	<u>85,325</u>	<u>457,523</u>	<u>(372,198)</u>
Debt service				
Principal requirement	-	-	1,117,931	(1,117,931)
Interest requirement	-	-	78,166	(78,166)
Total debt service	<u>-</u>	<u>-</u>	<u>1,196,097</u>	<u>(1,196,097)</u>
Total expenditures	<u>45,757,550</u>	<u>43,954,725</u>	<u>66,011,406</u>	<u>(22,056,681)</u>
Excess (deficiency) of revenues over expenditures	<u>1,117,381</u>	<u>2,911,236</u>	<u>4,912,079</u>	<u>2,000,843</u>
Other financing sources (uses):				
Long-term debt issued	-	-	990,377	990,377
Transfers in	595,570	612,410	791,738	179,328
Transfers out	(12,059,746)	(13,991,631)	(12,514,850)	1,476,781
Total other financing sources (uses)	<u>(11,464,176)</u>	<u>(13,379,221)</u>	<u>(10,732,735)</u>	<u>2,646,486</u>
Net change in fund balance	<u>(10,346,795)</u>	<u>(10,467,985)</u>	<u>(5,820,656)</u>	<u>4,647,329</u>
Fund balance - beginning	<u>31,537,207</u>	<u>31,537,207</u>	<u>31,537,207</u>	<u>-</u>
Fund balance - ending	<u>\$ 21,190,412</u>	<u>\$ 21,069,222</u>	<u>\$ 25,716,551</u>	<u>\$ 4,647,329</u>

See accompanying notes to the basic financial statements.

CITY OF PADUCAH, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE INVESTMENT FUND
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses:				
Employee earnings	\$ 6,750,000	\$ 6,750,000	\$ 6,762,425	\$ 12,425
Total licenses	6,750,000	6,750,000	6,762,425	12,425
Total revenues	6,750,000	6,750,000	6,762,425	12,425
Expenditures:				
General government:				
Planning and development:				
Economic development	1,590,400	2,268,855	1,994,233	274,622
Total expenditures	1,590,400	2,268,855	1,994,233	274,622
Excess (deficiency) of revenues over expenditures	5,159,600	4,481,145	4,768,192	287,047
Other financing sources (uses):				
Transfers in	-	70,000	70,000	-
Transfers out	(6,724,930)	(7,074,879)	(7,074,168)	711
Total other financing sources (uses)	(6,724,930)	(7,004,879)	(7,004,168)	711
Net change in fund balance	(1,565,330)	(2,523,734)	(2,235,976)	287,758
Fund balance - beginning	4,383,754	4,383,754	4,383,754	-
Fund balance - ending	<u>\$ 2,818,424</u>	<u>\$ 1,860,020</u>	<u>\$ 2,147,778</u>	<u>\$ 287,758</u>

See accompanying notes to the basic financial statements.

CITY OF PADUCAH, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
OPIOID SETTLEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ -	\$ -	\$ 58,778	\$ 58,778
Other	105,140	105,140	342,728	237,588
Total revenues	<u>105,140</u>	<u>105,140</u>	<u>401,506</u>	<u>296,366</u>
Expenditures:				
Public service	-	43,430	43,402	28
Total expenditures	<u>-</u>	<u>43,430</u>	<u>43,402</u>	<u>28</u>
Excess (deficiency) of revenues over expenditures	<u>105,140</u>	<u>61,710</u>	<u>358,104</u>	<u>296,394</u>
Other Financing Sources (Uses):				
Operating transfers out	<u>(64,200)</u>	<u>(20,770)</u>	-	<u>20,770</u>
Total other financing sources (uses)	<u>(64,200)</u>	<u>(20,770)</u>	-	<u>20,770</u>
Net change in fund balance	<u>\$ 40,940</u>	<u>\$ 40,940</u>	358,104	<u>\$ 317,164</u>
Fund balance - beginning			<u>1,219,311</u>	
Fund balance - ending			<u>\$ 1,577,415</u>	

See accompanying notes to the basic financial statements.

CITY OF PADUCAH, KENTUCKY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

<u>ASSETS</u>	Business-type Activities			Governmental
	Solid Waste	Nonmajor Enterprise Funds	Totals	Internal
				Service Funds
Current Assets:				
Cash and cash equivalents	\$ 3,021,907	\$ 659,475	\$ 3,681,382	\$ 7,004,780
Accounts receivable	654,310	-	654,310	267,623
Prepaid expenses	-	-	-	772,913
Inventory	-	18,553	18,553	90,803
Total current assets	<u>3,676,217</u>	<u>678,028</u>	<u>4,354,245</u>	<u>8,136,119</u>
Noncurrent Assets:				
Prepaid OPEB obligation	58,457	4,899	63,356	24,753
Net capital assets:				
Land and construction in progress	68,886	-	68,886	-
Depreciable capital assets	3,093,545	546	3,094,091	4,992,258
Total noncurrent assets	<u>3,220,888</u>	<u>5,445</u>	<u>3,226,333</u>	<u>5,017,011</u>
Total assets	<u>6,897,105</u>	<u>683,473</u>	<u>7,580,578</u>	<u>13,153,130</u>
Deferred Outflows of Resources:				
Deferred pension related outflows	308,272	27,450	335,722	136,019
Deferred OPEB related outflows	107,682	9,024	116,706	45,597
Total deferred outflows of resources	<u>415,954</u>	<u>36,474</u>	<u>452,428</u>	<u>181,616</u>
	<u>LIABILITIES</u>			
Current Liabilities:				
Voucher and accounts payable	185,577	85,394	270,971	317,343
Accrued payroll and payroll taxes	70,111	904	71,015	27,048
Accrued compensated absences	86,925	2,759	89,684	44,771
Unearned revenue	47,551	-	47,551	-
SBITA payable	50,407	-	50,407	-
Total current liabilities	<u>440,571</u>	<u>89,057</u>	<u>529,628</u>	<u>389,162</u>
Noncurrent Liabilities:				
Net pension liability	2,019,066	169,223	2,188,289	854,963
Landfill post-closure costs	2,062,500	-	2,062,500	-
SBITA liability	25,841	-	25,841	-
Accrued compensated absences	91,784	7,033	98,817	-
Total noncurrent liabilities	<u>4,199,191</u>	<u>176,256</u>	<u>4,375,447</u>	<u>854,963</u>
Total liabilities	<u>4,639,762</u>	<u>265,313</u>	<u>4,905,075</u>	<u>1,244,125</u>
Deferred Inflows of Resources				
Deferred pension related inflows	221,037	18,526	239,563	93,597
Deferred OPEB related inflows	566,435	47,156	613,591	239,640
Total deferred inflows of resources	<u>787,472</u>	<u>65,682</u>	<u>853,154</u>	<u>333,237</u>
	<u>NET POSITION</u>			
Net invested in capital assets	3,086,183	546	3,086,729	4,992,258
Restricted - Housing	-	27,734	27,734	-
Restricted - OPEB	58,457	4,899	63,356	24,753
Unrestricted	(1,258,815)	355,773	(903,042)	6,740,373
TOTAL NET POSITION	<u>\$ 1,885,825</u>	<u>\$ 388,952</u>	<u>2,274,777</u>	<u>\$ 11,757,384</u>
			Reconciliation to government-wide statements of net position:	
			Adjustment to reflect the consolidation of Internal Service Funds'	
			activities related to Enterprise Funds	
			<u>498,544</u>	
			<u>\$ 2,773,321</u>	
	NET POSITION OF BUSINESS-TYPE ACTIVITIES			

See accompanying notes to the basic financial statements.

CITY OF PADUCAH, KENTUCKY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Business-type Activities			Governmental
	Solid Waste	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Operating Revenues:				
Charges for services - internal	\$ -	\$ 120,401	\$ 120,401	\$ 6,363,670
Charges for services - external	5,884,684	-	5,884,684	330,157
Miscellaneous	1,762	1,317	3,079	-
Total operating revenues	<u>5,886,446</u>	<u>121,718</u>	<u>6,008,164</u>	<u>6,693,827</u>
Operating Expenses:				
Cost of sales and service	4,335,693	2,727,855	7,063,548	6,492,581
Depreciation and amortization	687,911	208	688,119	886,355
Total operating expenses	<u>5,023,604</u>	<u>2,728,063</u>	<u>7,751,667</u>	<u>7,378,936</u>
Operating income (loss)	<u>862,842</u>	<u>(2,606,345)</u>	<u>(1,743,503)</u>	<u>(685,109)</u>
Nonoperating Revenues (Expenses):				
Grants - program purpose	664,082	2,583,574	3,247,656	-
Interest and investment income	142,102	15,869	157,971	320,662
Gain (loss) on disposal of property and equipment	105,484	-	105,484	82,034
Interest expense	(3,579)	-	(3,579)	-
Total nonoperating revenues (expenses)	<u>908,089</u>	<u>2,599,443</u>	<u>3,507,532</u>	<u>402,696</u>
Income (loss) before contributions and transfers	<u>1,770,931</u>	<u>(6,902)</u>	<u>1,764,029</u>	<u>(282,413)</u>
Contributions and Transfers:				
Transfers in	-	304,100	304,100	133,873
Transfers out	(342,299)	-	(342,299)	(91,370)
Total contributions and transfers	<u>(342,299)</u>	<u>304,100</u>	<u>(38,199)</u>	<u>42,503</u>
Change in net position	1,428,632	297,198	1,725,830	(239,910)
Net position - beginning	<u>457,193</u>	<u>91,754</u>		<u>11,997,294</u>
Net position - ending	<u>\$ 1,885,825</u>	<u>\$ 388,952</u>		<u>\$ 11,757,384</u>
Reconciliation to government-wide statements of net position:				
Adjustment to reflect the consolidation of Internal Service Funds' activities related to Enterprise Funds			<u>(77,645)</u>	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES			<u>\$ 1,648,185</u>	

See accompanying notes to the basic financial statements.

CITY OF PADUCAH, KENTUCKY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Business-type Activities			Governmental
	Solid Waste	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Cash Flows from Operating Activities:				
Cash received from customers	\$ 5,259,381	\$ 120,401	\$ 5,379,782	\$ -
Cash received from interfund services provided	-	-	-	6,620,365
Payments to suppliers	(2,595,003)	-	(2,595,003)	590,283
Payments to employees	(1,410,762)	(68,044)	(1,478,806)	(706,133)
Claims paid	-	-	-	(3,611,419)
Payments to internal service funds	(654,646)	-	(654,646)	-
Other receipts	1,762	1,317	3,079	-
Other payments	-	(2,689,520)	(2,689,520)	(2,173,177)
Net cash provided (used) by operating activities	<u>600,732</u>	<u>(2,635,846)</u>	<u>(2,035,114)</u>	<u>719,919</u>
Cash Flows from Noncapital Financing Activities:				
Grants - program purpose	664,082	2,583,574	3,247,656	-
Transfers from other funds	-	304,100	304,100	133,873
Transfers to other funds	(342,299)	-	(342,299)	(91,370)
Net cash provided (used) by noncapital financing activities	<u>321,783</u>	<u>2,887,674</u>	<u>3,209,457</u>	<u>42,503</u>
Cash Flows from Capital and Related Financing Activities:				
Principal paid on debt	(50,407)	-	(50,407)	-
Interest on SBITA	(3,579)	-	(3,579)	-
Purchase of capital assets	(1,244,996)	-	(1,244,996)	(2,206,860)
Proceeds from sale of capital assets	105,484	-	105,484	126,687
Net cash provided (used) by capital and related financing activities	<u>(1,193,498)</u>	<u>-</u>	<u>(1,193,498)</u>	<u>(2,080,173)</u>
Cash Flows from Investing Activities:				
Interest on cash and investments	142,102	15,869	157,971	320,662
Net cash provided (used) by investing activities	<u>142,102</u>	<u>15,869</u>	<u>157,971</u>	<u>320,662</u>
Net increase (decrease) in cash and cash equivalents	(128,881)	267,697	138,816	(997,089)
Cash and cash equivalents, July 1, 2024	3,150,788	391,778	3,542,566	8,001,869
CASH AND CASH EQUIVALENTS, JUNE 30, 2025	<u><u>\$ 3,021,907</u></u>	<u><u>\$ 659,475</u></u>	<u><u>\$ 3,681,382</u></u>	<u><u>\$ 7,004,780</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 862,842	\$ (2,606,345)	\$ (1,743,503)	\$ (685,109)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	687,911	208	688,119	886,355
Change in assets and liabilities:				
Receivables	(67,783)	-	(67,783)	(73,462)
Prepaid expenses	-	-	-	679,587
Inventories	-	(3,904)	(3,904)	(16,288)
Unearned revenues	(557,520)	-	(557,520)	-
Pension obligation and related deferrals	(258,788)	(9,702)	(268,490)	(105,924)
OPEB obligation and related deferrals	(191,301)	(12,963)	(204,264)	(77,435)
Account and accrued payables	125,371	(3,140)	122,231	112,195
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 600,732</u></u>	<u><u>\$ (2,635,846)</u></u>	<u><u>\$ (2,035,114)</u></u>	<u><u>\$ 719,919</u></u>

See accompanying notes to the basic financial statements.

CITY OF PADUCAH, KENTUCKY
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Primary Government	
<u>ASSETS</u>	Pension Funds	Private- purpose Trusts
Cash and cash equivalents	\$ 752	\$ 17,871
Receivables:		
Interest	11,235	-
Investments at fair value		
Money market funds	36,684	-
Mutual funds	3,564,267	1,206,581
	3,612,938	1,224,452
<u>LIABILITIES</u>		
Voucher and accounts payable	1,687	-
Total liabilities	1,687	-
<u>NET POSITION</u>		
Net position restricted for pensions	\$ 3,611,251	
Restricted for other purposes		\$ 1,224,452

See accompanying notes to the basic financial statements.

CITY OF PADUCAH, KENTUCKY
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Pension Funds	Private- purpose Trusts
Additions:		
Contributions:		
Employer	\$ 311,849	\$ -
Private donations	-	9,442
	311,849	9,442
Total contributions		
	311,849	9,442
Investment income:		
Net increase (decrease) in fair value of investments	185,059	39,760
Interest and dividends	119,575	77,796
	304,634	117,556
Net investment income		
	304,634	117,556
Total additions	616,483	126,998
Deductions:		
Benefits	704,800	-
Capital outlay	-	51,301
Administrative expenses	41,760	20,483
	746,560	71,784
Total deductions		
	746,560	71,784
Change in net position	(130,077)	55,214
Net position - beginning	3,741,328	1,169,238
Net position - ending	\$ 3,611,251	\$ 1,224,452

See accompanying notes to the basic financial statements.

CITY OF PADUCAH, KENTUCKY

NOTES TO THE FINANCIAL STATEMENTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 1 – Summary of Significant Accounting Policies:

General Statement

The City of Paducah (City) complies with generally accepted accounting principles (GAAP) as applied to governmental units. This requires the use of the accrual basis of accounting for government-wide financial statements and proprietary funds financial statements and a modified accrual basis of accounting for the governmental funds financial statements. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial reporting entity, basis of accounting, and other significant policies employed by the City are summarized as follows:

Financial Reporting Entity

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

Blended Component Units

Police and Firefighters' Pension Fund – This retirement fund was established for the benefit of the police and firemen of the City. It is administered by a Board of Trustees consisting of the Mayor, City Finance Director and representatives of the Police and Fire Departments. The Board is authorized to establish benefit levels and to approve actuarial assumptions used in the determination of contribution levels. The pension fund is reported as a fiduciary fund and does not issue separate financial statements.

Discretely Presented Component Units

The component unit column in the government-wide financial statements includes the financial data of the City's other component unit. It is reported in a separate column to emphasize that it is legally separate from the City. The following component unit is included in the reporting entity because of its financial relationship with the City; and the City is able to impose its will on the organization.

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

Complete financial statements of the individual component unit can be obtained from its respective administrative office at the following location:

Paducah Water Works
1801 N. 8th Street
Paducah, Kentucky 42003

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 1 – Summary of Significant Accounting Policies:

Related Organizations

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

Transit Authority of the City of Paducah – The Transit Authority is a legally separate entity that provides for transit operations both within and outside the City. The Transit Authority is not financially accountable to the City.

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

Paducah Power System – The Paducah Power System (PPS) is a legally separate entity that provides electric utilities to residents in the Paducah area. PPS is not financially accountable to the City.

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

Forest Hills Village, Inc. – The Corporation's purpose is to manage City of Paducah properties known as "Forest Hills Housing Development". The City and Corporation have a lease agreement detailing the terms and conditions of operations. Forest Hills Village, Inc. is a legally separate entity and is not financially accountable to the City.

Paducah Junior College, Incorporated (PJC) – The College is a part of the University of Kentucky's Community College System which is now administered by the Kentucky Community and Technical College System. The Community College System receives student tuition, fees and other related income that provides the financing for the operational budget of the College. A tax levied and collected by the City is a primary revenue source for the College. These funds, as well as gifts and grants made to the College, may be used for the acquisition or improvement of property or to finance programs beyond the level of those normally provided by community colleges in the University of Kentucky system. PJC is a legally separate entity and is not financially accountable to the City.

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 1 – Summary of Significant Account Policies:

Basis of Presentation

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditure or expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

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

Special Revenue Investment Fund – To account for restricted funds from employee license fee used for economic development, community redevelopment and infrastructure capital investments within Paducah.

Special Revenue Opioid Settlement Fund – To account for restricted funds from opioid settlement for opioid remediation activities.

Bond Fund – To account for restricted funds from bond issues used for infrastructure capital projects within the Paducah area.

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

Debt Service Fund – To account for the accumulation of resources and payment of bond and note principal and interest, and capital lease activity.

The City has presented the following major proprietary fund:

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

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 1 – Summary of Significant Account Policies:

Basis of Presentation

Fund Financial Statements

Additionally, the City reports the internal service funds which are used to account for the fleet management services, property and casualty insurance, and self-funded health insurance provided to departments of the City.

Fiduciary funds report resources held in trust. One of these funds, the Police and Firefighters' Pension Fund (PFPF), is a single-employer defined benefit fund and is administered by the City. Pension trust funds report the receipt, investment, and distribution of retirement contributions. The remaining funds are private-purpose trust funds which report the receipt and distribution in accordance with maintenance trust agreements.

Measurement Focus

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary, custodial, pension, and private-purpose trust funds and financial statements of City component units utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary, custodial, pension, and private-purpose trust fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 1 – Summary of Significant Account Policies:

Basis of Accounting

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Custodial funds are presented using the accrual basis of accounting.

All proprietary, pension, custodial, and private-purpose funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include employee license taxes, property taxes, grants, entitlements, and donations. The City considers property taxes as available if they are collected within sixty days after year end. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Unearned Revenue

The City reports unearned revenue on its government-wide statement of net position and the fund financial statements. Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

Allocation of Indirect Expenses

The City allocates indirect expenses primarily comprised of fleet management services and various self-funded insurance coverage provided to departments and employees of the City. Allocations are charged to functions based on use by weighted-average methodology.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 1 – Summary of Significant Accounting Policies:

Budgets and Budgetary Accounting

The City legally adopts annual budgets for all governmental and proprietary funds except for Section 8 Housing Fund. The City follows these procedures in establishing the budgetary data reflected in these financial statements:

1. Prior to July, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing those.
2. Public hearings are conducted by the City to obtain taxpayer comments.
3. Prior to July, the budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts between departments and their line items; however, any revisions that alter the total expenditures must be approved by the City Commission.
5. Formal budgetary integration is employed as a management control device during the year; and the budget is legally adopted. Budget amendments are also legally adopted.
6. The budget is adopted on the modified accrued basis of accounting.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds. In accordance with generally accepted accounting principles (GAAP), encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. There are no encumbrances at June 30, 2025.

Cash and Investments

The City Commission adopted formal deposit and investment policies in January 2001. These policies apply to all City funds not contained in public trusts. The pension trust fund has investment policies separately approved by their oversight board. The private purpose trust has not adopted a deposit and investment policy.

For the purpose of the Statement of Net Position, “cash and cash equivalents” includes all demand and savings accounts of the City. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts and certificates of deposit with an original maturity of three months or less.

Investments are reported at fair value which is determined using selected bases. Money market and short-term certificates of deposit investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds, related to the pension and private purpose trust funds not listed on an established market, are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities. Cash deposits and certificates of deposit are reported at carrying amount which reasonably estimates fair value. Additional cash and investment disclosures are presented in Note 3.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 1 – Summary of Significant Accounting Policies:

Receivables

Major receivable balances for the governmental activities include property taxes, employee earnings taxes, business licenses, insurance premiums taxes, franchise taxes, grant revenue, opioid settlement, and interlocal note receivables. Business-type activities report utilities and interest earnings as their major receivables.

The government-wide statements also include general obligation notes receivable related to the general obligation bonds outstanding as described in Note 3 on page 75. In the fund financial statements, receivables in governmental funds include revenue accruals such as franchise tax, employee earnings taxes, business licenses, insurance and grants, and other similar intergovernmental revenues since they are usually both measurable and available.

Nonexchange transactions collectible but not available are deferred. Interest and investment earnings are recorded when earned only if paid within sixty days since they would be considered both measurable and available. Proprietary fund receivables include revenues earned at year end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 3 for details of interfund transactions, including receivables and payables, at year end.

Inventories

Inventory consists of expendable supplies and fuel of \$90,803 held for consumption and re-sell, real property of \$550,165 held for urban development, and \$18,553 fuel inventory for boat dock. Inventory supplies are stated at cost on a first-in, first-out basis. Inventory property held for development are stated at the lower of cost or market. The cost is recorded as an expenditure at the time individual items are consumed or sold for urban development rather than when purchased.

Capital Assets

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statement

In the government-wide financial statements, property, plant and equipment are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets and work of art capital assets received in a service concession arrangement which are recorded at their acquisition value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2004.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 1 – Summary of Significant Accounting Policies:

Capital Assets

Assets capitalized have an original cost of \$500 or more prior to July 1, 1999, \$2,500 or more after July 1, 1999, \$3,000 or more after June 24, 2009 and \$5,000 or more after June 30, 2016. Prior to July 1, 2002, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Capital assets of the primary government are depreciated over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Land improvements	10-30 Years
Buildings	30 Years
Building improvements	10-30 Years
Infrastructure	10-30 Years
Equipment	3-10 Years
Furnishings and fixtures	5-7 Years
Vehicles	7-10 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Right to Use Assets

The City has recorded right to use lease assets, which are initially measured at an amount equal to the initial measurement of the related lease or subscription liability plus any lease or subscription payments made prior to the term, less incentives, and plus any ancillary charges necessary to place the lease or subscription into service. The right to use assets are amortized on a straight-line basis over the life of the related lease or subscription.

Deferred Outflows/Inflows of Resources

Government-wide Statement

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represent a consumption of net assets that applies to future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in the category. These are the deferred charge on refunding and deferred pension and other post-employment benefits (OPEB) related outflows reported in the statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The deferred pension and OPEB related outflows result from pension and OPEB contributions subsequent to the measurement date of the pension and OPEB plans and various changes resulting from actuarial pension and OPEB measurement. The pension and OPEB contribution amounts are deferred and recognized as a component of the change in pension plan liability in the next measurement period. The various changes resulting from actuarial pension and OPEB measurements are deferred and amortized in future periods as a component of the pension and OPEB expense.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 1 – Summary of Significant Accounting Policies:

Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represent an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items reported in this category. These are receipt of property taxes levied during the fiscal year for the next fiscal year, inflows related to the City's pension and OPEB plans that qualify for reporting in this category – deferred pension and OPEB related inflows, and lessor of facilities and real property to other organizations.

The various changes resulting from actuarial pension and OPEB measurements are deferred and amortized in future periods as a component of the pension and OPEB expense. Future cash receipts under non-cancelable leases measured at present value are deferred inflow of resources and amortized in future periods as a component of operation income.

Fund Financial Statements

The government has three types of items, which arise only under a modified accrual basis of accounting, that qualify for reporting as deferred inflows of resources. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for three sources: leases, opioid settlement, and property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

Restricted Assets

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

Compensated Absences

Compensated absences include accumulated unpaid vacation, sick pay, and other employee benefit amounts. The current portion of accrued compensated absences is estimated based on historical trends. In the fund financial statements, governmental funds report only the matured compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

Accumulations for vacation pay are restricted to a maximum of 50 days and provide vesting rights upon completion of six months service. Accumulations for sick pay are restricted to a maximum of 150 days and provide payment to employees or beneficiaries for accumulations in excess of 50 days and up to 120 days upon death or retirement from City service. Qualified participants in the County Employees' Retirement System, under certain circumstances, are eligible to convert accrued sick pay benefits into additional credit for years of service upon retirement.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable and notes payable.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 1 – Summary of Significant Accounting Policies:

Long-Term Debt

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Net invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “net invested in capital assets.”

Fund Statements

Governmental fund equity is classified as fund balance and displayed in five components:

- a. Nonspendable fund balance includes amounts that are not in a spendable form or are required to be maintained intact indefinitely.
- b. Restricted fund balance includes amounts that can be spent only for the specific purpose stipulated by creditors, grantors, contributors, or laws or regulations of other governments.
- c. Committed fund balance includes amounts that can be used only for the specific purposes determined by the City Commissioners through the approval of City ordinances. Commitments may be changed or lifted only by the City Commissioners making the same formal action that imposed the constraint originally.
- d. Assigned fund balance comprises the amounts intended to be used for a specific purpose. Intent can be expressed by the City Commissioners or the City Finance Officer, as stated in the Finance Department Accounting Policy (FIN-20). No formal action is required.
- e. Unassigned fund balance includes amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund. The General Fund is the only fund which may report a positive unassigned fund balance. In other governmental funds, it is not appropriate to report a positive unassigned fund balance if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Proprietary fund equity is classified the same as in the government-wide statements.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 1 – Summary of Significant Accounting Policies:

Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Operating and Non-Operating Revenues and Expenses – Proprietary Funds

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

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – by function:	Current (further classified by character)
	Debt Service
	Capital Outlay

Proprietary Funds – by operating and nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Use of Estimates

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

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 1 – Summary of Significant Accounting Policies:

Stewardship, Compliance, and Accountability

By its nature as a local government unit, the City and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the City’s compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

Fund Accounting Requirements

The City complies with all state and local laws and regulations requiring the use of separate funds.

Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local requirements or contractual agreements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Section 8 Housing Choice Voucher Program	Subsidize Rental Costs for Low-Income Families
Opioid Settlement Revenue	Opioid Remediation Activities
State Tax Increment Financing	Public Capital Improvements within the boundary of the TIF district
Emergency Communication Revenue	E-911 Emergency Services
Transient Room Tax	Debt Obligations and Tourism Activities
Homeland Security Grant Program	Homeland Security Enhancement
Bond Proceeds	Defeasance of debt and Capital Projects
25% of Employee Earning Tax	Economic, Community and Capital Development

For the year ended June 30, 2025, the City complied in all material respects with these revenue restrictions.

Debt Restrictions and Covenants

The City may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue without first obtaining voter approval.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the pensions. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/deductions from CERS’s fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 1 – Summary of Significant Accounting Policies:

Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 19, 2025, the date financial statements were available to be issued.

Effective July 1, 2025, Section 8 Housing consolidated with the Housing Authority of Paducah and is no longer a part of the City of Paducah, Kentucky. The consolidation did not impact the financial statements as of June 30, 2025.

Note 2 – Property Taxes:

The City bills and collects its own property taxes. The City elects to use the annual property assessment prepared by McCracken County as its base to apply the property tax rate. According to Kentucky Revised Statutes, the assessment date for the City must conform to the assessment date of McCracken County and the annual increase in the property tax levy cannot exceed 4%. City property tax revenues are recorded as a receivable when assessed because the City has an enforceable legal claim to the resources. At this time, the receivable is offset by unearned revenue. Property tax revenues are recognized during the period for which they are levied.

The due dates and collection period for all property taxes, exclusive of vehicle taxes, for the fiscal year ended June 30, 2025, are as follows:

Description	Date
Assessment and enforceable lien	January 1, 2024
Levy	September 17, 2024
Face value amount payment dates	1 st half by November 1, 2024 2 nd half by February 1, 2025
Delinquent date - 10% penalty plus 1/2% per month	1 st half - November 30, 2024 2 nd half - February 28, 2025

Note 3 – Detail Notes on Transaction Classes/Accounts:

The following notes present detailed information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's investment policy requires all investments to be made in accordance with applicable legal requirements with consideration of investment safety. Accordingly, the City maintains collateral agreements with its financial institutions. Deposits are 101% secured with collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance (FDIC). The City Commission approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of an evaluation committee and/or finance director.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 3 – Detail Notes on Transaction Classes/Accounts:

Deposits

Deposits of the City's reporting entity are insured or collateralized with securities held by the City, its agent, or by the pledging financial institution's trust department or agent in the name of City. During the year ended June 30, 2025, the City's only cash and cash equivalents were demand deposits. At year end, the carrying amount and the bank balance of the City's cash and cash equivalents were \$59,304,319 and \$60,338,334, respectively.

Investment Policies

City Policy

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the City's investing activities are managed under the custody of the City's Finance Director. Investing is performed in accordance with investment policies adopted by the City Commission complying with State Statutes. In accordance with the City's investment policy and the State Statutes, the City may invest funds temporarily in excess of operating needs in the following:

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

1. Obligations of the U.S. Treasury, agencies, and instrumentalities, including obligations subject to repurchase agreements, provided delivery of obligations subject to repurchase agreements are held by the City or through an authorized agent;
2. Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency;
3. Obligations of any corporation of the United States government;
4. Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and instrumentalities;
5. Certificates of deposit 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;
6. Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a national recognized rating agency.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The three levels of the fair value hierarchy are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.
- Level 3: Unobservable inputs – market data are not available and are developed using the best information available about the assumptions that market participants would use when pricing an asset or liability.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 3 – Detail Notes on Transaction Classes/Accounts:

Investment Policies

City Policy

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The City has the following fair value measurements as of June 30, 2025:

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Average Credit Quality/ Rating (1)</u>	<u>Fair Value</u>			<u>Weighted Average Maturity Years (2)</u>
			<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Governmental and						
Business Funds						
Certificates of deposits	\$ -	NR	\$ -	\$ -	\$ -	NA
Money market	<u>36,082,430</u>	NR	36,082,430	-	-	NA
TOTAL GOVERNMENTAL AND BUSINESS FUNDS	<u>\$36,082,430</u>					
Fiduciary and Private						
Purpose Trust Funds						
Cash equivalents	\$ 36,684	NR	\$ 36,684	\$ -	\$ -	NA
Common stock	-	NR	-	-	-	NA
Mutual funds						
Bond	1,602,317	NR	1,602,317	-	-	7.20
Equity	2,500,972	NR	2,500,972	-	-	NA
International	<u>667,559</u>	NR	667,559	-	-	NA
TOTAL FIDUCIARY AND PRIVATE PURPOSE TRUST FUNDS	<u>\$ 4,807,532</u>					

- (1) Ratings are provided where applicable to indicate associated Credit Risk. NA indicates not applicable. NR indicates that the instrument is not rated.
- (2) Maturities are provided for debt instruments with maturity dates. NA indicates not applicable.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City policy provides that, to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from overconcentration of assets in a specific maturity period, a single issuer, or an individual class of securities. Unless matched to a specific cash flow, investments are not, in general, made in securities maturing more than five years from the date of purchase. Surplus cash may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the investment. **Concentration of credit risk** is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City policy does not specifically address concentration of credit risk.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 3 – Detail Notes on Transaction Classes/Accounts:

Investment Policies

Pension Trust Policy

The City's pension trust is the Police and Firefighters' Pension Fund (PFPF). Investment policy provides for investment manager(s) who have full discretion of assets allocated to them subject to the overall investment guidelines set out in the policy. Overall investment guidelines provide for diversification and allow investment in domestic and international common stocks, fixed income securities, and cash equivalents. **Custodial credit risk** is addressed by the policy providing for the engagement of a custodian who accepts possession of securities for safekeeping; collects and disburses income; collects principal of sold, matured, or called items; and provides periodic accounting to the pension board.

Asset allocation guideline for the plan is as follows:

	<u>PFPF Retirement Plan</u>		
	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Equities	45%	55%	65%
Fixed income	35%	45%	55%

The retirement plan addresses **credit risk** and **concentration of credit risk** with a policy that prohibits investment of more than 5% of its assets in the securities of any one issuer with the exception of U.S. government. Policy further prohibits investment of more than 20% in any one market sector. No more than 10% of corporate debt securities in the fixed income portfolio may be rated below-investment grade. Commercial paper must be rated A1, P1.

Interest rate risk is addressed by the policy requiring the plan manager(s) to maintain both diversification and a predictable and dependent source of current income. Fixed income investments are flexibly allocated among maturities of different lengths.

Private Purpose Trust

The private purpose trust does not have a formal investment policy. The City established the trust in accordance with Kentucky Revised Statutes. The trust provides for an investment manager who has full discretion of assets allocated to him subject to the provisions of the trust agreement. The trust invests in domestic and international mutual funds, fixed income securities, U.S. treasury securities, and cash and equivalents.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 3 – Detail Notes on Transaction Classes/Accounts:

Capital Assets

Capital asset activity for the year ended June 30, 2025, was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>
Primary Government:	July 1, 2024			June 30, 2025
Capital assets, not being depreciated:				
Land	\$10,267,997	\$ -	\$ -	\$10,267,997
Construction in progress	<u>9,486,147</u>	<u>4,165,162</u>	<u>5,331,176</u>	<u>8,320,133</u>
Total capital assets, not being depreciated	<u>19,754,144</u>	<u>4,165,162</u>	<u>5,331,176</u>	<u>18,588,130</u>
Capital assets, being depreciated:				
Land improvements	35,477,375	64,521	219,321	35,322,575
Buildings and improvements	23,813,318	1,013,339	-	24,826,657
Infrastructure	58,993,107	27,132,630	-	86,125,737
Equipment	12,126,611	1,389,838	724,876	12,791,573
Furnishings and fixtures	293,262	29,932	14,016	309,178
Vehicles	12,860,493	2,075,418	632,669	14,303,242
Right-to-use leased assets	-	1,276,307	-	1,276,307
Right-to-use subscriptions	<u>3,538,509</u>	<u>662,293</u>	<u>-</u>	<u>4,200,802</u>
Totals at historical cost	<u>147,102,675</u>	<u>33,644,278</u>	<u>1,590,882</u>	<u>179,156,071</u>
Less accumulated depreciation and amortization:				
Land improvements	11,453,412	1,549,545	130,940	12,872,017
Buildings and improvements	15,273,259	394,193	-	15,667,452
Infrastructure	37,363,443	1,750,228	-	39,113,671
Equipment	8,824,297	676,697	723,150	8,777,844
Furnishings and fixtures	254,041	10,506	14,016	250,531
Vehicles	9,277,485	832,915	588,017	9,522,383
Right-to-use leased assets	-	102,320	-	102,320
Right-to-use subscriptions	<u>1,203,180</u>	<u>891,798</u>	<u>-</u>	<u>2,094,978</u>
Total accumulated depreciation and amortization	<u>83,649,117</u>	<u>6,208,202</u>	<u>1,456,123</u>	<u>88,401,196</u>
Total capital assets, being depreciated, net	<u>63,453,558</u>	<u>27,436,076</u>	<u>134,759</u>	<u>90,754,875</u>
PRIMARY GOVERNMENT				
ACTIVITIES CAPITAL				
ASSETS, NET	<u>\$83,207,702</u>	<u>\$31,601,238</u>	<u>\$ 5,465,935</u>	<u>\$109,343,005</u>

There were no abandoned projects included in deductions of construction-in-progress. During the year ended June 30, 2025, the City received floodwall improvements in the amount of \$22,844,492 from the U.S. Army Corps of Engineers.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 3 – Detail Notes on Transaction Classes/Accounts:

Capital Assets

Depreciation and amortization expense was charged to governmental activities as follows:

General government:	
General administration	\$ 431,845
Cable authority	4,722
Finance	222,202
Planning	1,571
Information systems	148,088
Fleet maintenance	<u>7,703</u>
Total general government	<u>816,131</u>
Public safety:	
Police	652,200
Fire	187,949
Emergency 911	235,628
Fleet lease trust	<u>878,652</u>
Total public safety	<u>1,954,429</u>
Public service:	
Public works	12,952
Engineering	<u>405,274</u>
Total public service	<u>418,226</u>
Parks and recreation	<u>1,269,941</u>
Planning and development	<u>1,749,475</u>
TOTAL DEPRECIATION AND AMORTIZATION EXPENSE – GOVERNMENTAL ACTIVITIES	<u>\$6,208,202</u>

Depreciation and amortization expense was charged to business-type activities as follows:

Solid Waste Fund	\$ 687,911
Section 8 Housing	<u>208</u>
TOTAL DEPRECIATION AND AMORTIZATION EXPENSE – BUSINESS-TYPE ACTIVITIES	<u>\$ 688,119</u>

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 3 – Detail Notes on Transaction Classes/Accounts:

Capital Assets

	Balance			Balance
Business-type Activities:	July 1, 2024	Additions	Deductions	June 30, 2025
Capital assets, not being depreciated:				
Land	\$ 68,886	\$ -	\$ -	\$ 68,886
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>68,886</u>	<u>-</u>	<u>-</u>	<u>68,886</u>
Capital assets, being depreciated:				
Buildings and improvements	301,543	-	-	301,543
Equipment	2,934,927	1,244,996	106,320	4,073,603
Vehicles	4,432,769	-	249,555	4,183,214
Right-to-use subscriptions	217,328	-	-	217,328
Totals at historical cost	<u>7,886,567</u>	<u>1,244,996</u>	<u>355,875</u>	<u>8,775,688</u>
Less accumulated depreciation and amortization:				
Buildings and improvements	112,989	9,554	-	122,543
Equipment	1,827,618	324,347	106,320	2,045,645
Vehicles	3,312,156	305,923	249,555	3,368,524
Right-to-use subscriptions	96,590	48,295	-	144,885
Total accumulated depreciation and amortization	<u>5,349,353</u>	<u>688,119</u>	<u>355,875</u>	<u>5,681,597</u>
Total capital assets, being depreciated, net	<u>2,537,214</u>	<u>556,877</u>	<u>-</u>	<u>3,094,091</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 2,606,100</u>	<u>\$ 556,877</u>	<u>\$ -</u>	<u>\$ 3,162,977</u>
Discretely Presented	Balance			Balance
Component Units:	July 1, 2024	Increases	Decreases	June 30, 2025
Capital assets, not being depreciated:				
Land & construction in progress	\$ 4,249,603	\$ -	\$1,953,330	\$ 2,296,273
Capital assets, being depreciated:				
Utility plant	131,208,561	7,041,537	767,638	137,482,460
Right-to-use subscriptions	228,641	949,414	187,014	991,041
Totals at historical cost	<u>131,437,202</u>	<u>7,990,951</u>	<u>954,652</u>	<u>138,473,501</u>
Less accumulated depreciation and amortization:				
Utility plant	58,141,457	3,242,078	556,361	60,827,174
Right-to-use subscriptions	147,335	273,669	187,014	233,990
Total accumulated depreciation and amortization	<u>58,288,792</u>	<u>3,515,747</u>	<u>743,375</u>	<u>61,061,164</u>
Total capital assets, being depreciated, net	<u>73,148,410</u>	<u>4,475,204</u>	<u>211,277</u>	<u>77,412,337</u>
COMPONENT UNIT				
CAPITAL ASSETS, NET	<u>\$77,398,013</u>	<u>\$ 4,475,204</u>	<u>\$2,164,607</u>	<u>\$ 79,708,610</u>

Depreciation and amortization expense, charged to functions/programs of discretely presented major component units as follows:

Paducah Water Works	<u>\$ 3,515,747</u>
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(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 3 – Detail Notes on Transaction Classes/Accounts:

Deferred Outflows/Inflows of Resources

A summary of change in deferred outflows/inflows of resources is as follows:

	Balance <u>July 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2025</u>
Governmental Activities				
Deferred outflows of resources				
<i>Deferred charge on refunding</i>	\$ 54,832	\$ -	\$ (23,069)	\$ 31,763
<i>Pension related deferred outflows</i>	10,642,075	2,591,536	(2,839,006)	10,394,605
<i>OPEB related deferred outflows</i>	<u>3,460,471</u>	<u>1,377,973</u>	<u>(1,522,331)</u>	<u>3,316,113</u>
<i>Total deferred outflows of resources</i>	<u>\$ 14,157,378</u>	<u>\$ 3,969,509</u>	<u>\$ (4,384,406)</u>	<u>\$ 13,742,481</u>
Deferred inflows of resources				
<i>Pension related deferred inflows</i>	\$ 7,765,672	\$ 3,627,550	\$ (3,812,094)	\$ 7,581,128
<i>OPEB related deferred inflows</i>	17,997,801	1,763,405	(4,715,824)	15,045,382
<i>Unavailable revenues – property taxes</i>	7,181,165	7,557,323	(7,181,165)	7,557,323
<i>Leases</i>	<u>2,502,184</u>	<u>86,916</u>	<u>(380,470)</u>	<u>2,208,630</u>
<i>Total deferred outflows of resources</i>	<u>\$ 35,446,822</u>	<u>\$ 13,035,194</u>	<u>\$ (16,089,553)</u>	<u>\$ 32,392,463</u>
Business-type Activities				
Deferred outflows of resources				
<i>Pension related deferred outflows</i>	\$ 408,185	\$ 80,792	\$ (153,255)	\$ 335,722
<i>OPEB related deferred outflows</i>	<u>169,804</u>	<u>58,671</u>	<u>(111,769)</u>	<u>116,706</u>
<i>Total deferred outflows of resources</i>	<u>\$ 577,989</u>	<u>\$ 139,463</u>	<u>\$ (265,024)</u>	<u>\$ 452,428</u>
Deferred inflows of resources				
<i>Pension related deferred inflows</i>	\$ 289,428	\$ 156,777	\$ (206,642)	\$ 239,563
<i>OPEB related deferred inflows</i>	<u>860,945</u>	<u>68,306</u>	<u>(315,660)</u>	<u>613,591</u>
<i>Total deferred outflows of resources</i>	<u>\$ 1,150,373</u>	<u>\$ 225,083</u>	<u>\$ (522,302)</u>	<u>\$ 853,154</u>

Arbitrage Rebate Liability

The Tax Recovery Act of 1986 established regulations for the rebate of arbitrage earnings to the federal government on certain local government bonds. Issuing governments must calculate and remit annually any rebate due at least every five years. There is no arbitrage rebate liability as of June 30, 2025.

Accounts Payable

Payables in the governmental and proprietary funds are composed of payables to vendors and accrued expenditures.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 3 – Detail Notes on Transaction Classes/Accounts:

Long-Term Liabilities

The City’s long-term liabilities are segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental Activities

As of June 30, 2025, the governmental long-term liabilities consisted of the following:

General obligation bonds:	
Current portion	\$ 3,040,000
Noncurrent portion	<u>49,405,596</u>
TOTAL GENERAL OBLIGATION	
BOND COSTS, NET OF PREMIUMS AND DISCOUNTS	<u>\$ 52,445,596</u>
Note payable:	
Current portion	\$ 548,576
Noncurrent portion	<u>7,324,497</u>
TOTAL NOTE PAYABLE PAYMENTS	<u>\$ 7,873,073</u>
Leases and subscription-based information technology arrangements:	
Current portion	\$ 1,048,092
Noncurrent portion	<u>2,193,244</u>
TOTAL LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS	<u>\$ 3,241,336</u>
Accrued compensated absences:	
Current portion	\$ 1,918,273
Noncurrent portion	<u>1,361,141</u>
TOTAL ACCRUED COMPENSATED ABSENCES	<u>\$ 3,279,414</u>

Business-type Activities

As of June 30, 2025, the long-term liabilities payable from proprietary fund resources consisted of the following:

Leases and subscription-based information technology arrangements:	
Current portion	\$ 50,407
Noncurrent portion	<u>25,841</u>
TOTAL LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS	<u>\$ 76,248</u>
Accrued compensated absences:	
Current portion	\$ 89,684
Noncurrent portion	<u>98,817</u>
TOTAL ACCRUED COMPENSATED ABSENCES	<u>\$ 188,501</u>

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 3 – Detail Notes on Transaction Classes/Accounts:

Long-Term Liabilities

General Obligation Bonds

Series 2013A Bond Issue – The City of Paducah issued general obligation bonds of \$1,120,000 in September 2013, to finance the municipality pool renovations. Interest rates range from 0.70% to 3.60%. These bonds are required to be fully paid within 15 years from the date of issue and are backed by the full faith and credit of the City.

Series 2014A Bond Issue – The City of Paducah issued general obligation refunding bonds of \$5,460,000 in May 2014 with interest rates ranging from 2.00% to 3.50%, to refund \$5,545,000 of outstanding 2010 series bonds issued to finance several public improvement projects with interest rates ranging from 1.00% to 5.50%. These bonds are required to be fully paid within 16 years from the date of issue and are backed by the full faith and credit of the City.

Series 2014B Bond Issue – The City of Paducah issued general obligation refunding bonds of \$4,225,000 in November 2014 with interest rate of 2.55%, to advance refund \$3,845,000 of outstanding 2005 series bonds issued to finance the police and firefighter's pension fund estimated actuary liability. These bonds are required to be fully paid within 10 years from the date of issue and are backed by the full faith and credit of the City.

Series 2018A Bond Issue – The City of Paducah issued general obligation bonds of \$2,700,000 in August 2018, to finance 911 Equipment and Riverfront development. Interest rates are fixed ranging from 3.125% to 5.0%. These bonds are required to be fully paid within 15 years from the date of issue and are backed by the full faith and credit of the City.

Series 2018B Bond Issue – The City of Paducah issued general obligation bonds of \$2,670,000 in August 2018, to refund \$2,815,573 of outstanding Kentucky League of Cities Funding Trust 2003 Lease and 2009 Lease agreements issued to finance several public improvement projects. Interest rates are fixed ranging from 4.0% to 5.0%. These bonds are required to be fully paid within 10 years from the date of issue and are backed by the full faith and credit of the City.

Series 2020A Bond Issue – The City of Paducah issued general obligation bonds of \$20,520,000 in February 2020, to finance a Municipal Sports and Recreational Facility jointly with McCracken County, Kentucky. These assets will be donated to the McCracken County Sports Tourism Commission. Interest rates are fixed ranging from 2.125% to 4.0%. These bonds are required to be fully paid within 20 years from the date of issue and are backed by the full faith and credit of the City.

Series 2020B Bond Issue – The City of Paducah issued general obligation refunding bonds of \$3,020,000 in October 2020 with interest rate of 3.00%, to advance refund \$3,140,000 of outstanding 2010B series bonds issued to refinance 2001 Bond Issue. These bonds are required to be fully paid within 6 years from the date of issue and are backed by the full faith and credit of the City. The reacquisition price exceeded the net carrying amount of the old debt by \$47,734. This amount was deferred and amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce future total debt service payments over the next 6 years by \$190,533 with a resulting net economic gain of \$167,772.

Series 2025A Bond Issue – The City of Paducah issued general obligation bonds of \$25,815,000 in January 2025, of which \$4.5 million was used for the Riverfront Park Development project and the remaining used to finance a municipal sports park complex jointly with McCracken County, Kentucky. These assets will be donated to the McCracken County Sports Tourism Commission. Interest rates are fixed ranging from 4.0% to 5.0%. These bonds are required to be fully paid within 20 years from the date of issue and are backed by the full faith and credit of the City. (Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 3 – Detail Notes on Transaction Classes/Accounts:

Long-Term Liabilities

Notes Payable – Direct Borrowing

Kentucky Association of Counties – The County of McCracken, Kentucky entered into an agreement in the amount of \$5,000,000 in March 2009, with the Kentucky Association of Counties to assist with the Julian Carroll Convention Center. The interest rate is variable. The note is required to be fully paid within 20 years from the date of issue and is backed jointly by the full faith and credit of the City and the County. While the note is issued by the County, 50% of the principal amount of the note was issued on behalf of the City which intends to participate on an equal basis with the County in accordance with an Interlocal Cooperation Agreement between the City and McCracken County, Kentucky on February 23, 2009 and are backed by the full faith and credit of the City.

Murray State University Paducah Agreement – On November 22, 2011, the City entered into a general obligation note in the amount of \$2,674,093 with McCracken County to finance the construction of an educational facility to be occupied by Murray State University. On January 22, 2022, McCracken County issued general obligation refunding bonds to advance refund the original 2011 series bonds issued. The City's portion of this amount was \$1,330,614. The reacquisition price exceeded the net carrying amount of the City's old debt by \$10,910. This amount was deferred and amortized over the remaining life of the refunded debt. This advance refunding reduced the City's future total debt service payments to McCracken County over the next 10 years by \$140,101 with a resulting net economic gain of \$132,010. The note matures on December 1, 2031 and has interest rates of 4.0% and are backed by the full faith and credit of the City.

Community Financial Services Bank – On January 24, 2017, the City entered into an agreement in the amount of \$3,000,000 on behalf of the County of McCracken, Kentucky to finance improvements to the Julian Carroll Convention Center. The agreement matures on January 24, 2032 with an interest rate of 1.98% and is backed by the full faith and credit of the City.

Kentucky Infrastructure Authority (KIA) – On July 1, 2018, the City entered into an agreement with KIA to obtain up to \$4,610,667 for rehabilitation of Pump Station #2. The agreement contains principal forgiveness in the amount of 50% but not to exceed \$1,300,000. The interest rate is fixed at 0.50%. This agreement is required to be fully paid within 20 years from the date of initiation of operation for the project and is backed by the full faith and credit of the City.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 3 – Detail Notes on Transaction Classes/Accounts:

Long-Term Liabilities

Changes in Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2025:

Type of Liability:	<u>Beginning</u>			<u>Ending</u>	<u>Due within</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Governmental activities:					
<i>General obligation bonds:</i>					
Recreation Facility	\$20,260,000	\$ -	\$ (475,000)	\$ 19,785,000	\$ 755,000
Sports Facility	-	25,815,000	-	25,815,000	780,000
Refinanced Pension	610,000	-	(430,000)	180,000	180,000
Refinanced Convention Center	1,055,000	-	(520,000)	535,000	535,000
Public Pool Renovations	425,000	-	(80,000)	345,000	80,000
Refinancing Public Projects	2,220,000	-	(345,000)	1,875,000	355,000
Riverfront and 911 Equipment	1,895,000	-	(185,000)	1,710,000	195,000
Refunding Floodwall issue	810,000	-	(155,000)	655,000	160,000
Premiums	281,583	1,491,361	(86,599)	1,686,345	-
Discounts	<u>(60,693)</u>	<u>(93,954)</u>	<u>13,898</u>	<u>(140,749)</u>	<u>-</u>
<i>Total bonds payable</i>	<u>27,495,890</u>	<u>27,212,407</u>	<u>(2,262,701)</u>	<u>52,445,596</u>	<u>3,040,000</u>
<i>Notes payable – direct borrowing:</i>					
Kentucky Infrastructure Authority	3,827,800	-	(192,537)	3,635,263	195,489
Kentucky Association of Counties	809,048	-	(171,004)	638,044	176,332
Murray State University Agreement	1,105,289	-	(119,606)	985,683	124,488
CFSB Agreement	<u>2,666,440</u>	<u>-</u>	<u>(52,357)</u>	<u>2,614,083</u>	<u>52,267</u>
<i>Total notes payable</i>	<u>8,408,577</u>	<u>-</u>	<u>(535,504)</u>	<u>7,873,073</u>	<u>548,576</u>
Leases & subscription-based information technology arrangements	2,448,434	1,938,600	(1,145,698)	3,241,336	1,048,092
Accrued compensated absences	<u>2,846,947</u>	<u>432,467</u>	<u>-</u>	<u>3,279,414</u>	<u>1,918,273</u>
TOTAL GENERAL LONG-TERM LIABILITIES	<u>\$41,199,848</u>	<u>\$29,583,474</u>	<u>\$(3,943,903)</u>	<u>\$ 66,839,419</u>	<u>\$ 6,554,941</u>
Business-type activities:					
Leases & subscription-based information technology arrangements	\$ 125,001	\$ -	\$ (48,753)	\$ 76,248	\$ 50,407
Accrued compensated absences	<u>143,745</u>	<u>44,756</u>	<u>-</u>	<u>188,501</u>	<u>89,684</u>
TOTAL BUSINESS LONG-TERM LIABILITIES	<u>\$ 268,746</u>	<u>\$ 44,756</u>	<u>\$(48,753)</u>	<u>\$ 264,749</u>	<u>\$ 140,091</u>

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 3 – Detail Notes on Transaction Classes/Accounts:

Long-Term Liabilities

Changes in Long-Term Liabilities

(1) The calculation to reconcile amounts in this schedule to the "net investment in capital assets" for governmental activities is:

Net Capital Assets		\$109,343,005
<i>Less:</i>		
19.75% of the outstanding 2020B General obligation bonds	\$ (105,663)	
Net of the County's portion	<u>52,832</u>	(52,831)
78% of the outstanding 2014A General obligation bonds		(1,462,500)
100% of the outstanding 2013A General obligation bonds		(345,000)
100% of the outstanding 2018A General obligation bonds		(1,710,000)
100% of the outstanding 2018B General obligation bonds		(655,000)
9.30% of the outstanding 2020A General obligation bonds		(1,840,005)
0% of the outstanding 2025A General obligation bonds		-
100% of the outstanding KY Infrastructure Authority		(3,635,263)
100% of the leases and subscription-based information technology arrangements		<u>(3,241,336)</u>
Net investment in capital assets		<u>\$96,401,070</u>

Annual Debt Service Requirements

The annual debt service requirements to maturity for bonds and notes as of June 30, 2025, are as follows:

Year Ending	<u>Principal</u>	<u>Interest</u>
<u>June 30</u>		
2026	\$ 3,769,870	\$ 1,978,326
2027	3,679,430	1,845,296
2028	3,794,858	1,714,020
2029	3,900,598	1,581,161
2030	4,224,732	1,472,102
2031-2035	14,986,228	5,821,764
2036-2040	16,431,400	2,866,458
2041-2045	<u>9,531,553</u>	<u>1,380,677</u>
TOTALS	<u>\$60,318,669</u>	<u>\$18,659,804</u>

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 3 – Detail Notes on Transaction Classes/Accounts:

Long-Term Liabilities

Net Pension/OPEB Liabilities

Typically, the net pension and other post employment benefits liabilities have been paid by the General Fund, Section 8 Housing Fund, Solid Waste Fund, and Fleet Maintenance Fund.

Accrued Compensated Absences

Compensated absence obligations arise from amounts due to City employees for vested amounts of vacation pay and sick pay which will be payable in the future. Amounts accrued at June 30, 2025 are as follows:

	Governmental Activities	Business-type Activities
Accrued sick leave	\$ 977,418	\$ 68,120
Accrued vacation leave	2,301,996	120,381
Totals	3,279,414	188,501
Less current portion	(1,918,273)	(89,684)
LONG-TERM PORTION	<u>\$1,361,141</u>	<u>\$ 98,817</u>

Termination Benefits

Twelve employees, through employment contracts, are entitled to certain termination benefits upon involuntary termination of employment by the City Commission. These benefits include provision for salary payments for three to six months, as well as certain health, life, dental, and disability insurance coverage for same period of time. As these benefits are only provided for involuntary termination of employment, no provision has been made for these benefits. The City funds these benefits on a pay-as-you-go basis in the period incurred. There were no termination benefits paid during the year ended June 30, 2025. In addition, qualified participants in the County Employee's Retirement System (CERS), under certain circumstances are eligible to convert accrued sick pay benefits into additional credit for years of service upon retirement. Costs and notification of payment for these benefits are not calculated by the CERS actuary until a qualified participant submits an application for retirement benefits. Accordingly, no provision has been made for these benefits; and the City funds these benefits in the period of notification for payment by the CERS. For the year ended June 30, 2025, \$165,807 of payments was made for these benefits.

Landfill Closure and Post-Closure Costs

The County of McCracken, Kentucky (County) closed the local landfill to the public on June 30, 1995. The County must comply with established state and federal landfill closure procedures and must perform maintenance and monitoring procedures at the site for thirty years after closure. The 30-year period will begin upon approval from the Commonwealth of Kentucky regarding the environmental condition of the landfill site. As of June 30, 2025, approval had not yet been granted. The County estimated post-closure care costs totaling \$4,125,000 or \$125,000 per year plus 10% for inflation. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. In the year ending June 30, 2001, the City entered into an inter-local agreement to share equally the costs for post-closure costs and, accordingly, has recorded a long-term liability for 50% of the estimated closure expense. It is anticipated that post-closure costs will be paid out of the Solid Waste Fund to the extent that funds are available with any excess costs being funded using long-term borrowing.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 3 – Detail Notes on Transaction Classes/Accounts:

Interfund Transactions and Balances

Interfund transfers during the year ended June 30, 2025, were as follows:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
Governmental Funds:		
General Fund	\$ 627,053	\$12,040,165
Special Revenue Investment Fund	70,000	7,074,168
Special Revenue Bond Fund	19,131	-
Capital Project Fund	14,773,154	1,811,158
Debt Service Fund	3,017,724	-
Nonmajor Governmental Funds	2,616,648	202,523
Internal Service Funds	133,873	91,370
Fiduciary Funds	310,000	-
Proprietary Funds:		
Solid Waste	-	342,299
Nonmajor Proprietary Funds	<u>304,100</u>	<u>-</u>
TOTALS	<u>\$21,561,683</u>	<u>\$21,561,683</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Significant transfers from the general fund transfers include \$210,063 for E911 support; \$1,441,667 for debt service; and \$9,745,299 for capital projects. Significant transfers from the special revenue investment fund include \$2,000,000 for municipal aid street resurfacing program; \$1,373,534 for debt service; and \$3,580,634 for capital projects. Significant transfers from the solid waste fund include \$320,000 for general fund operations support.

Due To/From Balances

Due to/from balances used to cover current operating expenses were as follows as of June 30, 2025:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$1,369,675	\$ -
Special Revenue Investment Fund	<u>-</u>	<u>1,369,675</u>
TOTALS	<u>\$1,369,675</u>	<u>\$1,369,675</u>

Note 4 – Pension Plans - City of Paducah:

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

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 4 – Pension Plans - City of Paducah:

Cost-Sharing Multiple-Employer Defined Benefit Plan

County Employees’ Retirement System

Plan description - The City is a participant in the County Employees Retirement System (CERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (“KRS”) Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

Benefits provided - CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years’ service. For retirement purposes, non-hazardous and hazardous employees are grouped into three tiers, based on hire date:

Non-hazardous members:

Tier 1	Participation date Unreduced retirement Reduced retirement	Prior to September 1, 2008 27 years of service or 65 years old Minimum 5 years of service and 55 years old Minimum 25 years of service and any age
Tier 2	Participation date Unreduced retirement Reduced retirement	September 1, 2008 to December 31, 2013 Minimum 5 years of service and 65 years old Age of 57 or older and sum of service years plus age equal 87 Minimum 10 years of service and 60 years old
Tier 3	Participation date Unreduced retirement Reduced retirement	After December 31, 2013 Minimum 5 years of service and 65 years old Age of 57 or older and sum of service years plus age equal 87 Not available

Hazardous members:

Tier 1	Participation date Unreduced retirement Reduced retirement	Prior to September 1, 2008 20 years of service and any age Minimum 5 years of service and 55 years old Minimum 15 years of service and 50 years old
Tier 2	Participation date Unreduced retirement Reduced retirement	September 1, 2008 to December 31, 2013 Minimum 5 years of service and 60 years old 25 years of service and any age Minimum 15 years of service and 50 years old
Tier 3	Participation date Unreduced retirement Reduced retirement	After December 31, 2013 Minimum 5 years of service and 60 years old 25 years of service and any age Not available

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 4 – Pension Plans - City of Paducah:

Cost-Sharing Multiple-Employer Defined Benefit Plan

County Employees’ Retirement System

Cost of living adjustments are provided at the discretion of the General Assembly. Retirements is based on a factor of the number of years’ service and hire date multiplied by the average of the highest five years’ earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years’ service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent’s beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent’s monthly final rate of pay and any dependent child will receive 10% of the decedent’s monthly final rate of pay up to 40% for all dependent children. Five years’ service is required for non-service related disability benefits.

Plan Funding – State statute requires active members to contribute % of creditable compensation based on the tier:

	<u><i>Non-hazardous</i></u>		<u><i>Hazardous</i></u>
	<u>Required Contribution</u>		<u>Required Contribution</u>
Tier 1	5%	Tier 1	8%
Tier 2	5% plus 1% for insurance	Tier 2	8% plus 1% for insurance
Tier 3	5% plus 1% for insurance	Tier 3	8% plus 1% for insurance

Employers contribute at the rate determined by the CERS Board to be necessary for the actuarial soundness of the system, as required by KRS 61.565 and 61.752. The City’s required contribution rate was 19.71% for non-hazardous employees and 36.49% for hazardous employees for the year ended June 30, 2025. Non-hazardous and hazardous employee plans are administered separately.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the City reported a liability for its proportionate share of the net pension liability for CERS. The amount recognized by the City as its proportionate share of the net pension liability that was associated with the City was as follows:

City’s non-hazardous proportionate share of the CERS net pension liability	\$ 19,229,933
City’s hazardous proportionate share of the CERS net pension liability	<u>39,875,604</u>
 Total CERS net pension liability associated with the City	 <u>\$ 59,105,537</u>

The net pension liability for each plan was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 4 – Pension Plans - City of Paducah:

Cost-Sharing Multiple-Employer Defined Benefit Plan

County Employees’ Retirement System

The City’s proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2025, the City’s non-hazardous proportion was 0.321548% percent and hazardous proportion was 1.5504% percent.

For the year ended June 30, 2025, the City recognized pension expense of \$4,125,265 (\$988,286 for non-hazardous and \$3,136,979 for hazardous) related to CERS pension plans. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to the CERS pension plans from the following sources:

	<u>Non-hazardous</u>		<u>Hazardous</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 930,764	\$ -	\$ 2,591,012	\$ -
Changes in assumptions	-	868,815	-	2,250,507
Net difference between projected and actual earnings on pension plan investments	-	1,236,381	-	2,128,259
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>98,459</u>	<u>-</u>	<u>744,620</u>	<u>1,290,178</u>
	1,029,223	2,105,196	3,335,632	5,668,944
City contributions subsequent to the measurement date	<u>2,090,132</u>	<u>-</u>	<u>4,275,340</u>	<u>-</u>
Total	<u>\$ 3,119,355</u>	<u>\$ 2,105,196</u>	<u>\$ 7,610,972</u>	<u>\$ 5,668,944</u>

The City reported \$6,365,472 as deferred outflows of resources related to pensions resulting from City’s non-hazardous and hazardous contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

	<u>Fiscal Year Ending June 30</u>	
	<u>Non- Hazardous</u>	<u>Hazardous</u>
2026	\$ (703,527)	\$(1,350,917)
2027	378,373	(153,186)
2028	(475,279)	(405,839)
2029	(275,540)	(423,370)

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 4 – Pension Plans - City of Paducah:

Cost-Sharing Multiple-Employer Defined Benefit Plan

County Employees’ Retirement System

Actuarial assumptions - The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Non-Hazardous</u>	<u>Hazardous</u>
Inflation	2.30%	2.30%
Projected salary increases	3.30%-10.30%	3.55%-19.05%
Investment rate of return, net of investment expense & inflation	6.50%	6.50%

For CERS, mortality rates for the period after service retirement are according to the MP-2014 mortality improvement scale using a base year of 2010 for all active and retired employees and beneficiaries. The MP-2014 mortality improvement scale using a base year of 2019 set forward four years for male and female is used for the period after disability retirement. The actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2013 through 2018, is outlined in a report dated April 18, 2019. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 4 – Pension Plans - City of Paducah:

Cost-Sharing Multiple-Employer Defined Benefit Plan

County Employees’ Retirement System

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by CERS’s investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Specialty Credit	10.00%	3.82%
Core Fixed Income	10.00%	2.85%
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Cash	<u>0.00%</u>	1.70%
Total	<u>100.00%</u>	

Discount rate - The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.50%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of CERS proportionate share of net pension liability to changes in the discount rate - The following table presents the net pension liability of the City, calculated using the discount rates selected by the pension system, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.50%	6.50%	7.50%
Non-hazardous’ proportionate share of net pension liability	\$24,790,526	\$19,229,933	\$14,616,106
Hazardous’ proportionate share of net pension liability	\$51,335,675	\$39,875,604	\$30,519,084

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 4 – Pension Plans - City of Paducah:

Cost-Sharing Multiple-Employer Defined Benefit Plan

County Employees’ Retirement System

Pension plan fiduciary net position - Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial report of the CERS.

Single Employer Defined Benefit Fund - Police and Firefighters' Pension Fund (PFPF)

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

Administration – The City of Paducah Police and Firefighters’ Pension Fund Board is responsible for establishing or amending contribution rates and requirements for their plan.

Administrative Costs – Administrative costs are funded from investment earnings.

Valuation of Investments – Investments are reported at fair value. Investments are composed of securities valued at current market prices. See investment policies in Note 3 for the pension trusts.

Plan Administration – Management of the PFPF, as authorized by Kentucky Revised Statute 95.869, is vested in the PFPF Board of Trustees, which consist of the Mayor, City Treasurer, a retired firefighter and a retired police officer.

Plan Description:

PFPF is a single-employer defined benefit plan. On August 1, 1988, the plan was closed to new entrants and current active duty police and firemen of the City were given a choice of remaining in this plan or transferring into the CERS. Effective August 1, 1988, the PFPF covered 21 active-duty members. There are no active participants in the plan at June 30, 2025. All other active-duty members elected coverage under CERS. PFPF does not issue a separate, stand-alone report. Accordingly, the plan financial statements are included in this audit report.

Membership Information:

Membership consisted of the following at June 30, 2025:

	PFPF
Active participants	-
Beneficiaries	15
Retired participants	11
TOTAL PARTICIPANTS	26

The plan is closed to new members.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 4 – Pension Plans - City of Paducah:

Single Employer Defined Benefit Fund - Police and Firefighters' Pension Fund (PFPF)

Benefits provided:

PFPF provides retirement, disability, and death benefits. These benefits are determined by Kentucky Revised Statutes (KRS) sections 95.851 to 95.884. Retirement benefits for general plan members are 2½% of average salary times years of service up to and including 30 years. The maximum is 75% of average salary. Average salary is the highest average salary of the member for any 3 consecutive years of service. Retirement allowed any time after attainment of age 50, provided that at least 20 years of service have been completed. Occupational disability benefits equal to 70% of the members' final rate of pay. Non-occupational disability benefits are available after completing 10 years of service and are determined in a similar manner as retirement benefits subject to a maximum of 50% of average salary. Surviving beneficiaries may receive death benefits per the terms of the plan. Benefit terms provide for an annual cost-of-living adjustment up to 5% a year provided the adjustment is supportable on an actuarially sound basis. Kentucky Revised Statute 95.859(2) provides that the widow's minimum benefit shall be increased by the same percentage as the increase in Social Security benefits, not to exceed 5%.

Funding policy:

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

Changes in PFPF's Net Pension Liability is as follows:

	Total Pension Liability	Plan Net Position	Net Pension Liability
	<u>(a)</u>	<u>(b)</u>	<u>(a) – (b)</u>
Balance – June 30, 2024	\$ 5,688,471	\$ 3,741,328	\$ 1,947,143
Service cost	-	-	-
Interest expense	346,845	-	346,845
Experience losses (gains)	(37,748)	-	(37,748)
Change in assumptions	-	-	-
Contributions – City	-	311,849	(311,849)
Contributions – Members	-	-	-
Investment income	-	304,634	(304,634)
Benefits paid	(704,800)	(704,800)	-
Plan administrative expenses	-	(41,760)	41,760
Net change	<u>(395,703)</u>	<u>(130,077)</u>	<u>(265,626)</u>
Balance – June 30, 2025	<u>\$ 5,292,768</u>	<u>\$ 3,611,251</u>	<u>\$ 1,681,517</u>

Plan net position as a percentage of the
total pension liability

68.23%

For the year ended June 30, 2025, the City recognized pension expense of \$216,527 for PFPF.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 4 – Pension Plans - City of Paducah:

Single Employer Defined Benefit Fund - Police and Firefighters' Pension Fund (PFPF)

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to the PFPF pension plan from the following sources:

	PFPF	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	46,551
Total	\$ -	\$ 46,551

Amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year Ending June 30	PFPF
2026	\$ 103,600
2027	(83,716)
2028	(53,619)
2029	(12,816)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

Actuarial assumption

	PFPF
Valuation date	7/1/2025
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	9 Years
Asset valuation method	Fair value

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 4 – Pension Plans - City of Paducah:

Single Employer Defined Benefit Fund - Police and Firefighters' Pension Fund (PFPF)

Actuarial assumptions:

Investment rate of return	6.50% (3)
Projected salary increases	(2)
Inflation rates adjustments	(2)

- (1) The Aggregate Method does not identify or separately amortize the unfunded actuarial liabilities. Information about funded status and funding progress is presented using the entry age actuarial cost method for that purpose; and, that information presented is intended to serve as a surrogate for the funding progress of the plan.
- (2) The plan has no active participants. The pension cost for each year is determined as an amortization of the unfunded actuarial accrued liability over the lesser of 10 years or the weighted average of expected term of payment of plan benefits.
- (3) 6.50%, effective July 1, 2020

Post-retirement mortality – The mortality rates for the plans were based as follows:

1971 Group annuity mortality (GAM) table
 UP-1984 table set forward 5 years for participants retiring due to disability

Rate of return – Investment return is anticipated to be the major source of additional funds for payment of benefits. The assumed rate of return is a long-term average. The fund’s rate of return is determined primarily by the asset allocation – the classes in which it is invested, and the performance of the associated markets. For the July 1, 2025 PFPF plan year, the assumed rate of return was 6.50%.

Discount Rate – The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that City contributions will be made equal to the difference between actuarially determined contribution and the member contribution. The pension plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plans investment was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability as of July 1, 2025 was 6.50%.

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the City’s plans would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	1% Decrease	Current Rate	1% Increase
PFPF Net Pension Liability	\$ 2,030,922	\$ 1,681,517	\$ 1,371,416

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 4 – Pension Plans - City of Paducah:

Single Employer Defined Benefit Fund - Police and Firefighters' Pension Fund (PPPF)

Financial Reports:

The Police and Firefighters' Pension Fund (PPPF) plan does not issue stand-alone financial reports. The Plan's financial statements are as follows:

STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUND
JUNE 30, 2025

	PPPF
Assets	
Cash and cash equivalents	\$ 752
Receivables:	
Interest	11,235
Investments at fair value	
Money market accounts	36,684
Mutual funds	3,564,267
Total assets	3,612,938
Liabilities	
Vouchers and accounts payable	1,687
Net Position	
Held in trust for pension benefits	\$ 3,611,251

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 4 – Pension Plans - City of Paducah:

Single Employer Defined Benefit Fund - Police and Firefighters' Pension Fund (PFPF)

STATEMENT OF CHANGES IN NET POSITION
PENSION TRUST FUND
JUNE 30, 2025

	PFPF
Additions:	
Contributions	
Employer	\$ 311,849
Plan members	-
Total contributions	311,849
Investments earnings:	
Net change in fair value of investments	185,059
Interest and dividends	119,575
Net investment earnings	304,634
Total additions	616,483
Deductions:	
Benefits	704,800
Administrative expenses	41,760
Total deductions	746,560
Change in net position	(130,077)
Net position - beginning	3,741,328
Net position - ending	\$ 3,611,251

Summary of Pension Expense:

As of June 30, 2025, the City's pension expense associated with the two pension plans are summarized as follows:

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
CERS – Non-hazardous	\$ 875,823	\$ 112,463	\$ 988,286
CERS – Hazardous	3,136,979	-	3,136,979
PFPF	216,527	-	216,527
Total	\$ 4,229,329	\$ 112,463	\$ 4,341,792

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 5 – Other Postemployment Benefits (OPEB):

CERS Medical Insurance Plan

Plan description – the City contributes to the Kentucky Retirement Systems Insurance fund (Insurance Fund), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Kentucky Retirement Systems (KRS). The Insurance Fund was established to provide hospital and medical insurance for members for receiving benefits from the Kentucky Employees Retirement Systems (KERS), the County Employees Retirement System (CERS), and the State Police Retirement System (SPRS). The City participates in the County Employees Retirement System (CERS). CERS non-hazardous and hazardous employee plans are administered separately.

Benefits provided – the Insurance Fund pays a prescribed contribution for whole or partial payments of required premiums to purchase hospital and medical insurance, based on years of service, for retirees and certain eligible beneficiaries. The authority to establish and amend benefit provisions rests with the Kentucky General Assembly. KRS issues a publicly available financial report that can be obtained at www.kyret.ky.gov.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

Contributions – per Kentucky Revised Statutes 78.545 (33), contribution requirements are established and may be amended by the KRS Board. The City was required to contribute at actuarially determined rates of 0.00% of non-hazardous covered payroll and 2.12% of hazardous covered payroll for the fiscal year ended June 30, 2025.

At June 30, 2025, the City reported a liability for its proportionate share of the net OPEB liability for the CERS Insurance Trust. The collective net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the City’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the City’s non-hazardous proportion was 0.32186 percent and hazardous proportion was 1.55076 percent.

The amount recognized by the City as its proportionate share of the OPEB liability that was associated with the District was as follows:

City’s non-hazardous proportionate share of the CERS medical insurance liability (asset)	\$ (556,753)
City’s hazardous proportionate share of the CERS medical insurance liability (asset)	<u>1,881,112</u>
Total CERS medical insurance liability (asset) associated with the City	<u>\$ 1,324,359</u>

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 5 – Other Postemployment Benefits (OPEB):

For the year ended June 30, 2025, the City recognized an OPEB expense of \$(2,912,151) (\$1,313,904 non-hazardous and \$1,598,247 hazardous, respectively). At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Non-hazardous</u>		<u>Hazardous</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 308,881	\$ 4,380,556	\$ 509,394	\$ 6,885,299
Changes in assumptions	504,486	392,849	1,275,941	1,655,500
Net difference between projected and actual earnings on pension plan investments	-	508,071	-	1,182,067
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>60,802</u>	<u>77,107</u>	<u>384,372</u>	<u>577,522</u>
	874,169	5,358,583	2,169,707	10,300,388
City contributions subsequent to the measurement date	<u>151,417</u>	<u>-</u>	<u>237,526</u>	<u>-</u>
Total	<u>\$ 1,025,586</u>	<u>\$ 5,358,583</u>	<u>\$ 2,407,233</u>	<u>\$10,300,388</u>

The City reported \$248,387, including implicit subsidies of \$10,861, as deferred outflows of resources related to OPEB resulting from City non-hazardous and hazardous contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in OPEB expense as follows:

	<u>Fiscal Year Ending June 30</u>	
	<u>Non-</u>	
	<u>Hazardous</u>	<u>Hazardous</u>
2026	\$(1,808,209)	\$(2,281,595)
2027	(1,416,717)	(1,764,258)
2028	(1,212,852)	(2,589,170)
2029	(46,636)	(1,636,596)
2030	-	140,938

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 5 – Other Postemployment Benefits (OPEB):

Actuarial assumptions – The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.50%
Projected salary increases	3.30% - 10.30%, varies by service for non-hazardous 3.55% - 19.05%, varies by service for hazardous
Inflation rate	2.30%
Real wage growth	2.00%
Healthcare cost trend rates	
Under 65	6.20% at January 1, 2024 decreasing to an ultimate rate of 4.05% over a period of 12 years
Ages 65 and Older	9.00% at January 1, 2024 decreasing to an ultimate rate of 4.05% over a period of 12 years
Municipal Bond Index Rate	3.97%
Discount Rate	5.99% and 6.02% for non-hazardous and hazardous

Mortality rates used for active members is PUB-2010 General (non-hazardous) and Public Safety (hazardous) Mortality Tables projected with ultimate rates from the MP-2014 mortality scale using a base year of 2010. For healthy retired members and beneficiaries, system-specific mortality table based on mortality experience from 2013-2018 projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The PUB-2010 Disabled Mortality Table projected with a 4-year set-forward for both males and females with ultimate rates from the MP-2014 mortality scale using a base year of 2010 is used for the period after disability retirement.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS’s investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Specialty Credit	10.00%	3.82%
Core Fixed Income	10.00%	2.85%
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Cash	0.00%	1.70%
Total	<u>100.00%</u>	

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 5 – Other Postemployment Benefits (OPEB):

Discount rate - The discount rate used to measure the total OPEB liability was 5.99% for non-hazardous and 6.02% for hazardous. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the City’s proportionate share of the collective net OPEB liability (asset) of the System, calculated using the discount rate of 5.99% for non-hazardous and 6.02% for hazardous, as well as what the City’s proportionate share of the collective net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.99% for non-hazardous and 5.02% for hazardous) or 1-percentage-point higher (6.99% for non-hazardous and 7.02% for hazardous) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
<i>CERS</i>			
Non-hazardous’ proportionate share of net OPEB liability (asset)	\$ 752,794	\$ (556,753)	\$(1,657,824)
Hazardous’ proportionate share of net OPEB liability (asset)	\$ 5,198,514	\$ 1,881,112	\$ (891,221)

Sensitivity of the City’s proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates – The following presents the City’s proportionate share of the collective net OPEB liability (asset), as well as what the City’s proportionate share of the collective net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Discount Rate	1% Increase
Non-hazardous’ proportionate share of net OPEB liability (asset)	\$(1,339,483)	\$ (556,753)	\$ 355,069
Hazardous’ proportionate share of net OPEB liability (asset)	\$ (291,611)	\$ 1,881,112	\$ 4,420,551

Note 6 – Appropriations Deficit:

No departments that adopted budgets annually had excess expenditures over appropriations for the fiscal year ended June 30, 2025.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 7 – Component Unit Long-Term Liabilities:

Long-term liabilities of the discretely presented component units consist of the following at June 30, 2025:

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

In connection with a merger with Reidland Water District, Paducah Water Works (PWW) assumed a loan from the KIA with interest rate of 1.00%, with a .25% annual service fee. In addition, PWW has a note with KIA for a 24” Water Main with interest rate of 1.75% and a .25% annual service fee. The annual requirements to amortize the outstanding notes as of June 30, 2025, are as follows:

Year Ending June 30	Principal	Interest	.25% Service Fee	R & M Reserve	Total
2026	\$ 494,242	\$ 48,260	\$ 9,302	\$ 11,200	\$ 563,004
2027	500,054	42,448	8,062	11,200	561,764
2028	505,939	36,563	6,810	-	549,312
2029	511,898	30,603	5,541	-	548,042
2030	517,934	24,568	4,258	-	546,760
2031-2035	1,041,500	58,119	8,625	-	1,108,244
2036-2037	<u>272,573</u>	<u>5,989</u>	<u>856</u>	<u>-</u>	<u>279,418</u>
TOTALS	<u>\$3,844,140</u>	<u>\$246,550</u>	<u>\$ 43,454</u>	<u>\$ 22,400</u>	<u>\$4,156,544</u>

The calculation to reconcile amounts in this schedule to the “net investment in capital assets” for the discretely presented component units is:

Net Capital Assets	\$79,708,610
<i>Less:</i>	
100% of lease and subscription-based information technology liabilities	(730,507)
100% of the outstanding KY Infrastructure Authority notes payable	<u>(3,844,140)</u>
Net investment in capital assets	<u>\$75,133,963</u>

Note 8 – Commitments and Contingencies:

Grant Contingencies

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

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 8 – Commitments and Contingencies:

Construction Commitments

The City has various on-going contracts for construction, renovations, paving materials, equipment, and labor. As of June 30, 2025, the most significant construction commitments were as follows:

	<u>Cumulative Costs Incurred</u>	<u>Estimated Total Costs</u>
Comprehensive Stormwater Master Plan Study	\$ 975,891	\$ 1,047,040
24 th /25 th Street Improvement	287,033	314,516
Floodwall Rehab	1,726,009	1,895,450
Riverfront Development	<u>3,996,946</u>	<u>22,523,145</u>
	<u>\$ 6,985,879</u>	<u>\$25,780,151</u>

Note 9 – Risk Management and Litigation:

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

An analysis of claims activity is presented below:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Actual Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2022 - 2023	\$ -	\$ 23,777	\$ 23,777	\$ -
2023 - 2024	-	87,077	87,077	-
2024 - 2025	-	60,683	60,683	-

During fiscal year 1999, the City established the Health Insurance Fund (an internal service fund) to account for and finance employee medical costs relating to the City's employee self-insured medical benefit plan that went into effect as of July 1, 1999. The health insurance provides coverage for up to \$175,000 for each covered individual. The City purchases commercial insurance (reinsurance) for claims in excess of the coverage provided per individual or in excess of the maximum aggregate limit, which is based on a formula that considers group census and anticipated claims. As of June 30, 2025, that amount was \$2,756,404. Self-insurance costs are accrued based on claims reported within 90 days of the balance sheet date as well as an estimated liability for claims incurred but not reported. The total accrued liability for self-insurance costs was \$306,819 as of June 30, 2025.

The analysis of claims activity is presented below:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Actual Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2022 - 2023	\$ 219,192	\$ 2,617,451	\$2,567,677	\$ 268,966
2023 - 2024	268,966	2,419,599	2,536,599	151,966
2024 - 2025	151,966	3,224,676	3,069,823	306,819

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

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 10 – Leases and Subscription-Based Information Technology Arrangements:

Lease Receivable

The City is leasing land and building to the Luther F. Carson Four Rivers Center for the Performing Arts (Center) for a primary term of 99 years. No rental revenue is collected from this lease. The rental for the primary term of the lease is for the construction and use of the performing arts center. The building is deemed the property of the City; however, for financial reporting, the building is reported with the Luther F. Carson Four Rivers Center financial records. In December 2003, with the authorization of the City, the Center secured financing of \$6.5 million subject to a mortgage against the leasehold and real property on which the performing arts center is located. The City also consented to an assignment of the lease as security for the loan.

The City also leases certain other property to various lessees under non-cancelable agreements that have 3 – 10 year terms with expiration dates through December 31, 2031. Each of the agreements provides an option for renewal for an additional 3 – 10 year term. During the year ended June 30, 2025, the City recognized lease income of \$515,570 and interest income of \$84,688.

The following is an analysis of property leased under these leases at June 30, 2025:

Land	\$ 270,000
Buildings	873,250
Equipment	<u>110,126</u>
Total	1,253,376
Less: accumulated depreciation	<u>(983,376)</u>
NET BOOK VALUE	<u>\$ 270,000</u>

Depreciation expense for the year ended June 30, 2025, on leased property was \$-.

The following is a schedule of future lease receivable principal and interest payments from leases as of June 30, 2025:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 530,007	\$ 72,346	\$ 602,353
2027	419,526	54,831	474,357
2028	384,846	41,202	426,048
2029	397,939	28,109	426,048
2030	411,476	14,572	426,048
2031-2035	<u>210,958</u>	<u>2,066</u>	<u>213,024</u>
Total	<u>\$2,354,752</u>	<u>\$ 213,126</u>	<u>\$ 2,567,878</u>

Lease Liability

The City, as a lessee, has entered into three agreements to lease equipment and recognizes a lease liability and right to use assets for said leases. The lease liabilities are based on the present value of the lease payments expected to be paid during the lease term. The right to use assets are valued at the lease liability in addition to accumulated amortization expense recognized throughout the life of the leases.

The total of the City's right to use assets are recorded at a cost of \$1,276,307, less accumulated amortization of \$102,320.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 10 – Leases and Subscription-Based Information Technology Arrangements:

Lease Liability

The future minimum lease obligations are as follows:

Year Ending				
June 30	Principal	Interest	Total	
2026	\$ 99,368	\$ 58,214	\$ 157,582	
2027	108,318	53,044	161,362	
2028	117,900	47,411	165,311	
2029	128,153	41,284	169,437	
2030	66,798	34,628	101,426	
2031-2035	437,758	111,833	549,591	
2036-2039	<u>217,923</u>	<u>18,525</u>	<u>236,448</u>	
Total	<u>\$1,176,218</u>	<u>\$ 364,939</u>	<u>\$ 1,541,157</u>	

Subscription-Based Information Technology Arrangements

The City has entered into subscription-based information technology arrangements (SBITAs) involving:

- Police document management software
- Police in-car video software
- Police interview video software
- Police license plate reader systems
- Body cameras for the fire department
- Solid waste fleet tracking software
- Finance software
- Document management software

The total of the City’s governmental subscription assets are recorded at a cost of \$4,200,802, less accumulated amortization of \$2,094,978. The total of the City’s business-type subscription assets are recorded at a cost of \$217,328, less accumulated amortization of \$144,885.

For governmental activities, the future subscription payments under SBITA agreements are as follows:

Year Ending				
June 30	Principal	Interest	Total	
2026	\$ 948,724	\$ 71,528	\$ 1,020,252	
2027	443,619	41,583	485,202	
2028	349,886	24,460	374,346	
2029	<u>322,889</u>	<u>11,457</u>	<u>334,346</u>	
Total	<u>\$2,065,118</u>	<u>\$ 149,028</u>	<u>\$ 2,214,146</u>	

For business-type activities, the future subscription payments under SBITA agreements are as follows:

Year Ending				
June 30	Principal	Interest	Total	
2026	\$ 50,407	\$ 1,925	\$ 52,332	
2027	<u>25,841</u>	<u>325</u>	<u>26,166</u>	
Total	<u>\$ 76,248</u>	<u>\$ 2,250</u>	<u>\$ 78,498</u>	

In addition to the amounts presented above, the City also had outflows of resources during the fiscal year totaling \$252,809 that were not included in the measurement of the subscription liability. This total consists of payments related to arrangements that either have interminable subscription terms or that are prepaid and otherwise meet SBITA recognition criteria but are below the City’s capitalization threshold.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 11 – Tax Abatements:

Developer Residential Property Tax Abatements –

The City of Paducah is authorized by Kentucky Revised Statutes Chapter 81A and City Ordinance 2002-10-6989 to enter into property tax abatement agreements for the purpose of subsidizing developers for their cost of infrastructure improvements associated with residential infill and annexation development. Tax reimbursements cannot exceed the cost of City-approved infrastructure associated with the development over the life of the agreement. The abatement is limited to the actual City of Paducah real estate property taxes collected in any given year attributed to a specific development area as outlined in the individual agreement with the City.

For the year ended June 30, 2025, the City abated property taxes totaling \$45,324 under this program, including the following tax abatement agreements:

Recipient	Development	Agreement Ordinance	Abatement Amount	
			Current Year	Inception to Date
Higdon Development	Ridgewood In-fill, phase 2	2019-4-8573	\$11,377	\$28,747
Higdon Development	Ridgewood In-fill, phase 1	2019-4-8573	\$19,804	\$105,773
Greenway Village, LLC	Greenway Village In-fill, phase 2	2019-4-8572	\$12,005	\$66,200
Willett Enterprises	La Barri Subdivision In-fill	2023-11-8796	\$2,138	\$2,138

Kentucky Business Investment (KBI) Program, KRS 154.32 –

The KBI Program provides income tax credits and wage assessments to new and existing manufacturing companies and non-retail service companies that locate or expand operations in Kentucky. The Program can be set to last up to 10 years.

For the year ended June 30, 2025, the City rebated employee local payroll taxes totaling \$4,890 under this program, including the following resolutions:

Recipient	Start Date	Term	Authority	Payroll Tax Rebate Amount	
				Current Year	Inception to Date
Dippin' Dots, LLC	12-11-2016	10 yrs.	Resolution - 2014	\$4,890	\$101,249

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 11 – Tax Abatements:

AAA (Pebco) –

Ordinance 2004-6-6824 authorized an inter-local agreement between the City and County relating to payroll tax revenue generated by the AAA (Pebco) Company on Coleman Road. The City and County partnered on an economic development project which calls for the City to share 50% of payroll tax revenue generated at the Pebco facility on Coleman Road for 25 years, through 2029.

For the year ended June 30, 2025, the City shared payroll tax revenue totaling \$14,317 under this agreement with the County, as follows:

Payroll Tax Remitter	Start Date	Payroll Tax Revenue Shared	
		Current Year	Inception to Date
AAA (Pebco)	July 2005	\$14,317	\$247,748

Remote Worker Incentive Program –

Ordinance 2021-08-8700 authorized this program, with a goal of attracting full-time remote workers 100 miles or more outside Paducah, by offering to those that qualify relocation expense, internet access, community connections with memberships, and local payroll tax waiver for a 12-month period.

For the year ended June 30, 2025, the City provided funding totaling \$19,680 under this program, as follows:

Various Recipients	Start Date	Program Expenditures	
		Current Year	Inception to Date
Remote Workers	July 2021	\$19,680	\$69,440

Annexation Incentives –

The City of Paducah enacted Ordinance 2022-1-8719 to encourage residential, commercial, and industrial growth. To take advantage of this incentive program, real estate must be annexed consensually into the City, pursuant to KRS 81A.412. The incentive program may include any of the following incentives: a) property tax reimbursement – for up to 5 years, all City real estate property taxes may be reimbursed (abated) to the property owner; b) free sanitation service – the property owner may be eligible for free sanitation services for one year; and c) closing cost reimbursement - the property owner may be reimbursed for closing cost not to exceed \$1,000. The City real estate property tax abatement is limited to the actual City of Paducah real estate property taxes collected in any given year as outlined in the individual memorandum of agreement with the City.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 11 – Tax Abatements:

Annexation Incentives –

For the year ended June 30, 2025, the City abated property taxes totaling \$11,498 under this program, including the following tax abatement agreements:

Recipient	Development/Location	Agreement Ordinance	Abatement Amount	
			Current Year	Inception to Date
Overland Group, LLC	Taco John – West 60	2022-1-8719	\$3,758	\$7,423
Overland Group, LLC	Sonic Drive-In – West 60	2022-1-8719	\$3,731	\$11,093
William Evans	1630 N. Friendship	2022-1-8719	\$554	\$1,330
J. A Bell	Olivet Church Road	2022-1-8719	\$462	\$1,003
Daniel Jones	2631 Holt Road	2023-3-8762	\$2,772	\$2,772
George Sullivan	252 Locust Avenue	2023-5-8775	\$221	\$221

Note 12 – Implementation of GASB Pronouncements

Accounting Pronouncements Adopted during the Fiscal Year ended June 30, 2025

The financial statements of the City are prepared in conformity with GAAP as applied to government units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. During the current year, the City adopted the following GASB pronouncements:

Statement No. 101 – *Compensated Absences*

The City adopted the provisions of GASB Statement No. 101, *Compensated Absences*. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This pronouncement impacted the recognition of a compensated absence liability. The standard requires a compensated absence liability to be recognized for (1) leave that has not been used and is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means and (2) leave that has been used but not yet paid in cash or settled through noncash means. This pronouncement also impacts the note disclosure of the City’s accrued compensated absences (see note 3). The pronouncement allows the disclosure to present the net change in the liability, instead of the gross increases and decreases. Also, the City is no longer required to disclose which governmental funds typically have been used to liquidate the compensated absences liability. There was no prior period restatement due to the adoption of GASB Statement No. 101.

(Continued)

CITY OF PADUCAH, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Note 12 – Implementation of GASB Pronouncements

Accounting Pronouncements Adopted during the Fiscal Year ended June 30, 2025

Statement No. 101 – *Compensated Absences (continued)*

Component Unit

Paducah Water Works adopted the provisions of GASB Statement No. 101, *Compensated Absences*. The implementation of the new standard resulted in a decrease of beginning net position of \$214,334.

Statement No. 102 – *Certain Risk Disclosures*

The City adopted the provisions of GASB Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The implementation of GASB Statement 102 had no significant impact on the City's financial statements.

Future Implementation of GASB Pronouncements

In addition to the pronouncements discussed previously, GASB has issued additional guidance for state and local governments that are not yet effective. The City is currently reviewing the provisions of the following pronouncements to determine the impact of implementation in future periods.

Statement No. 103 – *Financial Reporting Model Improvements* (FY2026)

Statement No. 104 – *Disclosure of Certain Capital Assets* (FY2026)

CITY OF PADUCAH, KENTUCKY

REQUIRED SUPPLEMENTARY INFORMATION

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

CITY OF PADUCAH, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE POLICE AND FIREFIGHTERS' PENSION
TRUST FUND'S NET PENSION LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years Ending June 30

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total pension liability										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,901	\$ 10,267	\$ 7,678	\$ 7,038	\$ 7,183
Interest	346,845	373,338	414,475	444,380	457,312	472,881	527,900	560,538	626,531	686,614
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(37,748)	(41,299)	(238,809)	(16,133)	301,216	249,805	(384,990)	(2,758)	(278,063)	(111,824)
Changes in assumptions	-	-	-	-	-	-	-	-	148,359	156,880
Benefit payments/refunds	(704,800)	(774,453)	(842,634)	(934,025)	(980,992)	(965,299)	(1,033,958)	(1,101,201)	(1,223,078)	(1,308,290)
Net change in total pension liability	(395,703)	(442,414)	(666,968)	(505,778)	(222,464)	(231,712)	(880,781)	(535,743)	(719,213)	(569,437)
Total pension liability - beginning	<u>5,688,471</u>	<u>6,130,885</u>	<u>6,797,853</u>	<u>7,303,631</u>	<u>7,526,025</u>	<u>7,757,737</u>	<u>8,638,518</u>	<u>9,174,261</u>	<u>9,893,474</u>	<u>10,462,911</u>
Total pension liability - ending (a)	<u>\$ 5,292,768</u>	<u>\$ 5,688,471</u>	<u>\$ 6,130,885</u>	<u>\$ 6,797,853</u>	<u>\$ 7,303,561</u>	<u>\$ 7,526,025</u>	<u>\$ 7,757,737</u>	<u>\$ 8,638,518</u>	<u>\$ 9,174,261</u>	<u>\$ 9,893,474</u>
Plan fiduciary net position										
Contributions - employer	\$ 311,849	\$ 427,908	\$ 263,595	\$ 310,000	\$ 349,548	\$ 345,049	\$ 366,129	\$ 380,168	\$ 436,575	\$ 420,352
Contributions - member	-	-	-	-	-	4,394	6,448	6,325	4,001	4,494
Net investment income	304,634	446,047	394,308	(609,641)	1,165,249	280,927	461,503	492,276	766,509	165,489
Benefit payments/refunds	(704,800)	(774,453)	(842,634)	(934,025)	(980,922)	(965,299)	(1,033,958)	(1,101,201)	(1,223,078)	(1,308,290)
Administrative expenses	(41,760)	(41,135)	(41,034)	(44,556)	(43,063)	(42,185)	(43,503)	(44,419)	(44,786)	(46,422)
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(130,077)	58,367	(225,765)	(1,278,222)	490,812	(377,114)	(243,381)	(266,851)	(60,779)	(764,377)
Plan fiduciary net position - beginning	<u>3,741,328</u>	<u>3,682,961</u>	<u>3,908,726</u>	<u>5,186,948</u>	<u>4,696,136</u>	<u>5,073,250</u>	<u>5,316,631</u>	<u>5,583,482</u>	<u>5,644,261</u>	<u>6,408,638</u>
Plan fiduciary net position - ending (b)	<u>\$ 3,611,251</u>	<u>\$ 3,741,328</u>	<u>\$ 3,682,961</u>	<u>\$ 3,908,726</u>	<u>\$ 5,186,948</u>	<u>\$ 4,696,136</u>	<u>\$ 5,073,250</u>	<u>\$ 5,316,631</u>	<u>\$ 5,583,482</u>	<u>\$ 5,644,261</u>
Net pension liability ending (a) - (b)	<u>\$ 1,681,517</u>	<u>\$ 1,947,143</u>	<u>\$ 2,447,924</u>	<u>\$ 2,889,127</u>	<u>\$ 2,116,613</u>	<u>\$ 2,829,889</u>	<u>\$ 2,684,487</u>	<u>\$ 3,321,887</u>	<u>\$ 3,590,779</u>	<u>\$ 4,249,213</u>
Plan fiduciary net position as a percentage of total pension liability	<u>68%</u>	<u>66%</u>	<u>60%</u>	<u>57%</u>	<u>71%</u>	<u>62%</u>	<u>65%</u>	<u>62%</u>	<u>61%</u>	<u>57%</u>
Covered payroll	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>\$ 54,921</u>	<u>\$ 80,600</u>	<u>\$ 79,064</u>	<u>\$ 50,009</u>	<u>\$ 56,175</u>
Net pension liability as a percentage of covered payroll	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>5153%</u>	<u>3331%</u>	<u>4202%</u>	<u>7180%</u>	<u>7564%</u>

**CITY OF PADUCAH, KENTUCKY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF POLICE AND FIREFIGHTERS' PENSION TRUST FUND
 CONTRIBUTIONS AND INVESTMENT RETURNS
 Last Ten Fiscal Years Ending June 30**

	Schedule of Contributions									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 295,010	\$ 352,307	\$ 385,517	\$ 262,036	\$ 332,386	\$ 315,257	\$ 368,373	\$ 380,168	\$ 434,758	\$ 416,844
Contributions in relation to the actuarially determined contribution	<u>311,849</u>	<u>427,908</u>	<u>263,595</u>	<u>310,000</u>	<u>349,548</u>	<u>345,049</u>	<u>366,129</u>	<u>376,148</u>	<u>436,575</u>	<u>420,352</u>
Contribution deficiency (excess)	<u>\$ (16,839)</u>	<u>\$ (75,601)</u>	<u>\$ 121,922</u>	<u>\$ (47,964)</u>	<u>\$ (17,162)</u>	<u>\$ (29,792)</u>	<u>\$ 2,244</u>	<u>\$ 4,020</u>	<u>\$ (1,817)</u>	<u>\$ (3,508)</u>
Covered payroll	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>\$ 54,921</u>	<u>\$ 80,600</u>	<u>\$ 79,064</u>	<u>\$ 50,009</u>	<u>\$ 56,175</u>
Contributions as a percentage of covered payroll	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>628%</u>	<u>454%</u>	<u>476%</u>	<u>873%</u>	<u>748%</u>
	Schedule of Investment Returns									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	<u>8.63%</u>	<u>12.76%</u>	<u>10.93%</u>	<u>-12.59%</u>	<u>26.61%</u>	<u>5.92%</u>	<u>9.28%</u>	<u>9.44%</u>	<u>14.61%</u>	<u>2.78%</u>

CITY OF PADUCAH, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COUNTY EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

Year Ended June 30	City's proportion of the net pension liability	City's proportionate share of the net pension liability (asset)	City's covered payroll	City's share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
<u>CERS Nonhazardous</u>					
2025	0.3215%	\$ 19,229,933	\$ 10,092,543	190.5361%	61.6065%
2024	0.3186%	\$ 20,442,739	\$ 9,250,047	221.0015%	57.4759%
2023	0.3159%	\$ 22,840,791	\$ 8,742,004	261.2764%	52.4175%
2022	0.3250%	\$ 20,724,296	\$ 8,315,793	249.2161%	57.3282%
2021	0.3174%	\$ 24,344,624	\$ 8,161,809	298.2749%	47.8139%
2020	0.3199%	\$ 22,498,921	\$ 8,163,051	275.6190%	50.4470%
2019	0.3150%	\$ 19,185,252	\$ 7,880,115	243.4641%	53.5420%
2018	0.3210%	\$ 18,788,122	\$ 7,861,744	238.9816%	53.3249%
2017	0.3047%	\$ 14,999,862	\$ 7,266,510	206.4246%	55.5028%
2016	0.3150%	\$ 13,543,354	\$ 7,349,249	184.2821%	59.9684%
<u>CERS Hazardous</u>					
2025	1.5504%	\$ 39,875,604	\$ 11,618,663	343.2030%	57.0538%
2024	1.5192%	\$ 40,956,850	\$ 10,666,468	383.9776%	52.9596%
2023	1.5724%	\$ 47,981,053	\$ 10,240,852	468.5260%	47.1123%
2022	1.6275%	\$ 43,326,429	\$ 9,731,752	445.2069%	52.2617%
2021	1.5344%	\$ 46,263,440	\$ 8,966,031	515.9857%	44.1116%
2020	1.5325%	\$ 42,330,934	\$ 8,765,379	482.9333%	46.6327%
2019	1.5888%	\$ 38,425,266	\$ 8,850,650	434.1519%	49.2645%
2018	1.6403%	\$ 36,697,162	\$ 9,004,106	407.5603%	50.2164%
2017	1.6165%	\$ 27,738,524	\$ 8,404,139	330.0579%	53.9483%
2016	1.6428%	\$ 25,218,200	\$ 8,402,943	300.1115%	57.5152%

* The amounts presented were determined as of the measurement date June 30 of the prior year.

**CITY OF PADUCAH, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S CONTRIBUTIONS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

Year Ended June 30	Contractually required pension contribution	Contributions relative to contractually required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
<u>CERS Nonhazardous</u>					
2025	\$ 2,090,131	\$ 2,090,131	\$ -	\$ 10,577,036	19.7610%
2024	\$ 2,355,600	\$ 2,355,600	\$ -	\$ 10,092,543	23.3400%
2023	\$ 2,164,511	\$ 2,164,511	\$ -	\$ 9,250,047	23.4000%
2022	\$ 1,991,428	\$ 1,991,428	\$ -	\$ 8,742,004	22.7800%
2021	\$ 1,604,948	\$ 1,604,948	\$ -	\$ 8,315,793	19.3000%
2020	\$ 1,575,229	\$ 1,575,229	\$ -	\$ 8,161,809	19.3000%
2019	\$ 1,324,047	\$ 1,324,047	\$ -	\$ 8,163,051	16.2200%
2018	\$ 1,141,041	\$ 1,141,041	\$ -	\$ 7,880,115	14.4800%
2017	\$ 1,098,317	\$ 1,098,317	\$ -	\$ 7,861,744	13.9704%
2016	\$ 902,501	\$ 902,501	\$ -	\$ 7,266,510	12.4200%
<u>CERS Hazardous</u>					
2025	\$ 4,275,340	\$ 4,275,340	\$ -	\$ 11,638,812	36.7335%
2024	\$ 4,806,871	\$ 4,806,871	\$ -	\$ 11,618,663	41.3720%
2023	\$ 4,566,315	\$ 4,566,315	\$ -	\$ 10,666,468	42.8100%
2022	\$ 3,645,743	\$ 3,645,743	\$ -	\$ 10,240,852	35.6000%
2021	\$ 2,925,365	\$ 2,925,365	\$ -	\$ 9,731,752	30.0600%
2020	\$ 2,695,189	\$ 2,695,189	\$ -	\$ 8,966,031	30.0600%
2019	\$ 2,179,073	\$ 2,179,073	\$ -	\$ 8,765,379	24.8600%
2018	\$ 1,964,844	\$ 1,964,844	\$ -	\$ 8,850,650	22.2000%
2017	\$ 1,954,791	\$ 1,954,791	\$ -	\$ 9,004,106	21.7100%
2016	\$ 1,702,679	\$ 1,702,679	\$ -	\$ 8,404,139	20.2600%

**Notes to Required Supplementary Information
For the Year Ended June 30, 2024**

Changes of benefit terms:

None

Methods and assumptions used in the actuarially determined contributions:

The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2024:

- The assumptions were updated as of result of an experience study for the five year period ending June 30, 2019.
- The amortization period of the unfunded accrued liability was reset to a closed 30 year period for the year ended June 30, 2019.
- The investment rate of return increased to 6.50% from 6.25% at the prior measurement date.
- The discount rate remained unchanged at 6.50% from the prior measurement date.
- The inflation rate remained unchanged at 2.30% from the prior measurement date.
- Projected salary increases remained unchanged at 3.30% to 10.30% for non-hazardous and 3.55% to 19.05% for hazardous.

CITY OF PADUCAH, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET MEDICAL INSURANCE LIABILITY
COUNTY EMPLOYEES' RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS*

Year Ended June 30	City's proportion of the net pension liability	City's proportionate share of the net pension liability (asset)	City's covered payroll	City's share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
<u>CERS Nonhazardous</u>					
2025	0.3219%	\$ (556,753)	\$ 10,092,543	-5.5165%	104.8943%
2024	0.3186%	\$ (439,857)	\$ 9,250,047	-4.7552%	104.2348%
2023	0.3159%	\$ 6,235,001	\$ 8,742,004	71.3223%	60.9476%
2022	0.3250%	\$ 6,221,407	\$ 8,315,793	74.8144%	62.9072%
2021	0.3173%	\$ 7,662,289	\$ 8,161,809	93.8798%	51.6704%
2020	0.3198%	\$ 5,379,682	\$ 8,163,051	65.9028%	60.4382%
2019	0.3150%	\$ 5,592,780	\$ 7,880,115	70.9733%	57.6218%
2018	0.3210%	\$ 6,452,856	\$ 7,861,744	82.0792%	52.3940%
<u>CERS Hazardous</u>					
2025	1.5508%	\$ 1,881,112	\$ 11,618,663	16.1904%	93.5259%
2024	1.5182%	\$ 2,077,282	\$ 10,666,468	19.4749%	92.2743%
2023	1.5717%	\$ 13,387,551	\$ 10,240,852	130.7269%	64.1271%
2022	1.6275%	\$ 13,159,206	\$ 9,731,752	135.2193%	66.8131%
2021	1.5341%	\$ 14,176,195	\$ 8,966,031	158.1100%	58.8413%
2020	1.5324%	\$ 11,337,649	\$ 8,765,379	129.3458%	64.4396%
2019	1.5888%	\$ 11,328,384	\$ 8,850,650	127.9949%	64.2437%
2018	1.6403%	\$ 13,559,555	\$ 9,004,106	150.5930%	58.9878%

* The amounts presented were determined as of the measurement date June 30 of the prior year.

* Schedule is intended to show information for 10 years. Additional years of supplementary information will be provided as this information becomes available.

CITY OF PADUCAH, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S CONTRIBUTIONS - MEDICAL INSURANCE PLAN
COUNTY EMPLOYEES' RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS*

Year Ended June 30	Contractually required pension contribution	Contributions relative to contractually required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
<u>CERS Nonhazardous</u>					
2025	\$ -	\$ -	\$ -	\$ 10,577,036	0.0000%
2024	\$ -	\$ -	\$ -	\$ 10,092,543	0.0000%
2023	\$ 313,577	\$ 313,577	\$ -	\$ 9,250,047	3.3900%
2022	\$ 364,542	\$ 364,542	\$ -	\$ 8,742,004	4.1700%
2021	\$ 395,832	\$ 395,832	\$ -	\$ 8,315,793	4.7600%
2020	\$ 388,502	\$ 388,502	\$ -	\$ 8,161,809	4.7600%
2019	\$ 429,376	\$ 429,376	\$ -	\$ 8,163,051	5.2600%
2018	\$ 370,365	\$ 370,365	\$ -	\$ 7,880,115	4.7000%
<u>CERS Hazardous</u>					
2025	\$ 248,387	\$ 248,387	\$ -	\$ 11,638,812	2.1341%
2024	\$ 301,672	\$ 301,672	\$ -	\$ 11,618,663	2.5964%
2023	\$ 723,187	\$ 723,187	\$ -	\$ 10,666,468	6.7800%
2022	\$ 894,026	\$ 894,026	\$ -	\$ 10,240,852	8.7300%
2021	\$ 926,463	\$ 926,463	\$ -	\$ 9,731,752	9.5200%
2020	\$ 918,612	\$ 918,612	\$ -	\$ 8,966,031	10.2455%
2019	\$ 918,612	\$ 918,612	\$ -	\$ 8,765,379	10.4800%
2018	\$ 827,536	\$ 827,536	\$ -	\$ 8,850,650	9.3500%

* Schedule is intended to show information for 10 years. Additional years of supplementary information will be provided as this information becomes available.

Notes to Required Supplementary Information
For the Year Ended June 30, 2024

Changes of benefit terms:

None

Changes of assumptions:

The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2024:

Valuation date	June 30, 2022
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	30 years, closed
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Payroll growth rate	2.00%
Investment return	6.50%
Inflation	2.30%
Single discount rate	5.99% for nonhazardous and 6.02% for hazardous; increase from 5.93% and 5.97%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Healthcare trend rates (Pre-65)	Initial trend starting at 6.20% at January 1, 2024, gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
Healthcare trend rates (Post-65)	Initial trend starting at 9.00% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.

CITY OF PADUCAH, KENTUCKY

SUPPLEMENTARY INFORMATION

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

CITY OF PADUCAH, KENTUCKY
BOND FUND
DETAIL SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 400,000	\$ 936,621	\$ 536,621
Total revenues	400,000	936,621	536,621
Expenditures:			
Debt issuance costs	-	247,444	(247,444)
Planning and development	11,929,000	8,265,699	3,663,301
Total expenditures	11,929,000	8,513,143	3,415,857
Excess (deficiency) of revenues over expenditures	(11,529,000)	(7,576,522)	3,952,478
Other Financing Sources (Uses):			
Issuance of long term debt	-	25,815,000	25,815,000
Premium on debt issued	-	1,532,035	1,532,035
Discount on debt issued	-	(96,517)	(96,517)
Transfers in	-	19,131	19,131
Transfers out	(3,071,000)	-	3,071,000
Total other financing sources (uses)	(3,071,000)	27,269,649	30,340,649
Net change in fund balance	<u>\$ (14,600,000)</u>	19,693,127	<u>\$ 34,293,127</u>
Fund balance - beginning		<u>15,357,729</u>	
Fund balance - ending		<u>\$ 35,050,856</u>	

See auditors report on pages 11-13.

CITY OF PADUCAH, KENTUCKY
GENERAL CAPITAL IMPROVEMENTS FUND
DETAIL SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 44,820	\$ 44,820	\$ -
Grants	14,220,490	6,378,928	(7,841,562)
Property upkeep, rentals, sales and other	378,222	378,229	7
	<u>14,643,532</u>	<u>6,801,977</u>	<u>(7,841,555)</u>
Expenditures:			
Capital outlay	39,041,879	6,508,627	32,533,252
Excess (deficiency) of revenues over expenditures	<u>(24,398,347)</u>	<u>293,350</u>	<u>24,691,697</u>
Other Financing Sources (Uses):			
Issuance of long term debt	41,289	-	(41,289)
Transfers in	21,905,948	14,773,154	(7,132,794)
Transfers out	(3,053,802)	(1,811,158)	1,242,644
	<u>18,893,435</u>	<u>12,961,996</u>	<u>(5,931,439)</u>
Net change in fund balance	<u>\$ (5,504,912)</u>	<u>13,255,346</u>	<u>\$ 18,760,258</u>
Fund balance - beginning		<u>5,977,453</u>	
Fund balance - ending		<u>\$ 19,232,799</u>	

See auditors report on pages 11-13.

CITY OF PADUCAH, KENTUCKY
DEBT SERVICE FUND
DETAIL SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,017,585	\$ 1,361,598	\$ 344,013
Interest	30,000	92,990	62,990
	<u>1,047,585</u>	<u>1,454,588</u>	<u>407,003</u>
Expenditures:			
Debt service:			
Principal requirement	2,725,640	2,725,504	136
Interest and fiscal requirement	1,253,055	1,252,341	714
	<u>3,978,695</u>	<u>3,977,845</u>	<u>850</u>
Excess (deficiency) of revenues over expenditures	<u>(2,931,110)</u>	<u>(2,523,257)</u>	<u>407,853</u>
Other Financing Sources (Uses):			
Transfers in	2,961,370	3,017,724	56,354
Transfers out	-	-	-
	<u>2,961,370</u>	<u>3,017,724</u>	<u>56,354</u>
Net change in fund balance	<u>\$ 30,260</u>	<u>494,467</u>	<u>\$ 464,207</u>
Fund balance - beginning		<u>1,730,158</u>	
Fund balance - ending		<u>\$ 2,224,625</u>	

See auditors report on pages 11-13.

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CITY OF PADUCAH, KENTUCKY

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

**COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS**

Special Revenue Funds

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

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

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

Grants – to account for the grant programs awarded to the City of Paducah from agencies of the Federal Government and the Commonwealth of Kentucky.

Bed Tax Fund – to account for revenues associated with bed tax collections.

Tax Increment Financing Fund – to account for restricted revenues from taxes.

CITY OF PADUCAH, KENTUCKY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

<u>ASSETS</u>	Special Revenue Funds		
	Municipal Aid Program	Emergency Communication Service Fund	Court Awards Fund
Cash and cash equivalents	\$ 1,133,768	\$ 898,604	\$644,809
Receivables, net:			
Accounts	39,551	210,439	-
Grants	-	-	-
TOTAL ASSETS	\$ 1,173,319	\$ 1,109,043	\$644,809
LIABILITIES AND FUND BALANCES			
Liabilities:			
Voucher and accounts payable	\$ 39,002	\$ 202,577	\$410,458
Accrued payroll and payroll taxes	-	91,898	-
Unearned revenues	-	43,816	-
Total liabilities	39,002	338,291	410,458
Fund Balances:			
Restricted for:			
Highway and streets	1,134,317	-	-
Public safety	-	-	234,351
Program purposes	-	-	-
Assigned for:			
Public safety	-	770,752	-
Total fund balances	1,134,317	770,752	234,351
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,173,319	\$ 1,109,043	\$644,809

See auditors report on pages 11-13.

Special Revenue Funds			
Grant Fund	Bed Tax Fund	Tax Increment Financing Fund	Total Nonmajor Governmental Funds
\$ 960,542	\$ -	\$ 106,268	\$ 3,743,991
-	-	-	249,990
1,200	-	-	1,200
<u>\$ 961,742</u>	<u>\$ -</u>	<u>\$ 106,268</u>	<u>\$ 3,995,181</u>
\$ -	\$ -	\$ -	\$ 652,037
-	-	-	91,898
686,000	-	-	729,816
<u>686,000</u>	<u>-</u>	<u>-</u>	<u>1,473,751</u>
-	-	-	1,134,317
-	-	-	234,351
275,742	-	106,268	382,010
-	-	-	770,752
<u>275,742</u>	<u>-</u>	<u>106,268</u>	<u>2,521,430</u>
<u>\$ 961,742</u>	<u>\$ -</u>	<u>\$ 106,268</u>	<u>\$ 3,995,181</u>

CITY OF PADUCAH, KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Funds		
	Municipal Aid Program	Emergency Communication Service Fund	Court Awards Fund
Revenues:			
Taxes	\$ -	\$ 196,717	\$ -
Charges for services	-	457,577	-
Intergovernmental	513,318	-	-
Parcel fees	-	2,408,629	-
Grants	-	79,340	42,185
Interest	45,952	41,456	27,961
Miscellaneous	3,000	263,647	-
Total revenues	<u>562,270</u>	<u>3,447,366</u>	<u>70,146</u>
Expenditures:			
Current operations:			
Public safety	-	3,962,656	58,321
Public service	2,731,715	-	-
Planning and development	-	-	-
Debt service:			
Principal requirement	-	27,767	-
Interest and fiscal requirement	-	29,233	-
Total expenditures	<u>2,731,715</u>	<u>4,019,656</u>	<u>58,321</u>
Excess (deficiency) of revenues over expenditures	<u>(2,169,445)</u>	<u>(572,290)</u>	<u>11,825</u>
Other Financing Sources (Uses):			
Issuance of leases	-	948,223	-
Transfers in	2,156,585	210,063	-
Transfers out	-	(142,361)	-
Total other financing sources (uses)	<u>2,156,585</u>	<u>1,015,925</u>	<u>-</u>
Net change in fund balances	(12,860)	443,635	11,825
Fund balances - beginning	<u>1,147,177</u>	<u>327,117</u>	<u>222,526</u>
Fund balances - ending	<u><u>\$ 1,134,317</u></u>	<u><u>\$ 770,752</u></u>	<u><u>\$ 234,351</u></u>

See auditors report on pages 11-13.

Special Revenue Funds			
Grant Fund	Bed Tax Fund	Tax Increment Financing Fund	Total Nonmajor Governmental Funds
\$ -	\$ 1,804,696	\$ 73,380	\$ 2,074,793
-	-	-	457,577
-	-	-	513,318
-	-	-	2,408,629
212,700	-	-	334,225
25,742	-	-	141,111
-	-	-	266,647
<u>238,442</u>	<u>1,804,696</u>	<u>73,380</u>	<u>6,196,300</u>
-	-	-	4,020,977
-	-	-	2,731,715
212,700	1,804,696	-	2,017,396
-	-	-	27,767
-	-	-	29,233
<u>212,700</u>	<u>1,804,696</u>	<u>-</u>	<u>8,827,088</u>
<u>25,742</u>	<u>-</u>	<u>73,380</u>	<u>(2,630,788)</u>
-	-	-	948,223
250,000	-	-	2,616,648
-	-	(60,162)	(202,523)
<u>250,000</u>	<u>-</u>	<u>(60,162)</u>	<u>3,362,348</u>
275,742	-	13,218	731,560
-	-	93,050	1,789,870
<u>\$275,742</u>	<u>\$ -</u>	<u>\$ 106,268</u>	<u>\$ 2,521,430</u>

CITY OF PADUCAH, KENTUCKY
MUNICIPAL AID PROGRAM FUND
DETAIL SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 580,000	\$ 513,318	\$ (66,682)
Interest	55,000	45,952	(9,048)
Other	-	3,000	3,000
	635,000	562,270	(72,730)
Expenditures:			
Public service	2,733,290	2,731,715	1,575
Excess (deficiency) of revenues over expenditures	(2,098,290)	(2,169,445)	(71,155)
Other Financing Sources (Uses):			
Transfers in	2,231,585	2,156,585	(75,000)
Transfers out	-	-	-
	2,231,585	2,156,585	(75,000)
Net change in fund balance	\$ 133,295	(12,860)	\$ (146,155)
Fund balance - beginning		1,147,177	
Fund balance - ending		\$ 1,134,317	

See auditors report on pages 11-13.

CITY OF PADUCAH, KENTUCKY
EMERGENCY COMMUNICATION SERVICE FUND
DETAIL SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Local contributions	\$ 295,000	\$ 196,717	\$ (98,283)
Telephone surcharges	407,000	457,577	50,577
Parcel fees	-	2,408,629	2,408,629
Grants	79,252	79,340	88
Interest	9,817	41,456	31,639
Miscellaneous	1,297,000	263,647	(1,033,353)
Total revenues	<u>2,088,069</u>	<u>3,447,366</u>	<u>1,359,297</u>
Expenditures:			
Public safety	3,658,649	3,962,656	(304,007)
Debt service:			
Principal requirement	-	27,767	(27,767)
Interest and fiscal requirement	-	29,233	(29,233)
Total expenditures	<u>3,658,649</u>	<u>4,019,656</u>	<u>(361,007)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,570,580)</u>	<u>(572,290)</u>	<u>5,590,236</u>
Other Financing Sources (Uses):			
Issuance of leases	-	948,223	948,223
Transfers in	1,713,000	210,063	(1,502,937)
Transfers out	(142,420)	(142,361)	59
Total other financing sources (uses)	<u>1,570,580</u>	<u>1,015,925</u>	<u>(554,655)</u>
Net change in fund balance	<u>\$ -</u>	443,635	<u>\$ 5,035,581</u>
Fund balance - beginning		<u>327,117</u>	
Fund balance - ending		<u>\$ 770,752</u>	

See auditors report on pages 11-13.

CITY OF PADUCAH, KENTUCKY
COURT AWARDS FUND
DETAIL SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Grants	\$ 30,000	\$ 42,185	\$ 12,185
Interest	25,000	27,961	2,961
Total revenues	<u>55,000</u>	<u>70,146</u>	<u>15,146</u>
Expenditures:			
Public safety	<u>116,165</u>	<u>58,321</u>	<u>57,844</u>
Excess (deficiency) of revenues over expenditures	<u>(61,165)</u>	<u>11,825</u>	<u>72,990</u>
Net change in fund balance	<u><u>\$ (61,165)</u></u>	<u>11,825</u>	<u><u>\$ 72,990</u></u>
Fund balance - beginning		<u>222,526</u>	
Fund balance - ending		<u><u>\$ 234,351</u></u>	

See auditors report on pages 11-13.

CITY OF PADUCAH, KENTUCKY
GRANT FUND
DETAIL SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Grants	\$2,547,500	\$ 212,700	\$ (2,334,800)
Interest	25,742	25,742	-
	2,573,242	238,442	(2,334,800)
Expenditures:			
Planning and development	2,823,242	212,700	2,610,542
Excess (deficiency) of revenues over expenditures	(250,000)	25,742	(4,945,342)
Other Financing Sources (Uses):			
Transfers in	250,000	250,000	-
Transfers out	-	-	-
	250,000	250,000	-
Net change in fund balance	\$ -	275,742	\$ (4,945,342)
Fund balance - beginning		-	
Fund balance - ending		\$ 275,742	

See auditors report on pages 11-13.

CITY OF PADUCAH, KENTUCKY
BED TAX FUND
DETAIL SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 1,850,650	\$ 1,804,696	\$ (45,954)
Total revenues	<u>1,850,650</u>	<u>1,804,696</u>	<u>(45,954)</u>
Expenditures:			
Planning and development	<u>1,850,650</u>	<u>1,804,696</u>	<u>45,954</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):			
Operating transfers in	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance - beginning		<u>-</u>	
Fund balance - ending		<u>\$ -</u>	

See auditors report on pages 11-13.

CITY OF PADUCAH, KENTUCKY
TAX INCREMENT FINANCING FUND
DETAIL SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 87,250	\$ 73,380	\$ (13,870)
Total revenues	87,250	73,380	(13,870)
Expenditures:			
Planning and development	-	-	-
Excess (deficiency) of revenues over expenditures	87,250	73,380	(13,870)
Other Financing Sources (Uses):			
Operating transfers in	100,000	-	(100,000)
Operating transfers out	(66,250)	(60,162)	6,088
Total other financing sources (uses)	33,750	(60,162)	(93,912)
Net change in fund balance	\$ 121,000	13,218	\$ (107,782)
Fund balance - beginning		93,050	
Fund balance - ending		\$ 106,268	

See auditors report on pages 11-13.

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CITY OF PADUCAH, KENTUCKY

SUPPLEMENTARY INFORMATION

NONMAJOR PROPRIETARY FUNDS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

COMBINING FINANCIAL STATEMENTS
NONMAJOR PROPRIETARY FUNDS

Section 8 Housing Fund – to account for the housing choice voucher program grant governed by the United States Department of Housing and Urban Development.

Transient Dock Fund – to account for the operation of the Transient Dock.

CITY OF PADUCAH, KENTUCKY
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2025

<u>ASSETS</u>	<u>Section 8 Housing</u>	<u>Transient Dock Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
Current Assets:			
Cash and cash equivalents	\$ 313,042	\$346,433	\$ 659,475
Inventory	-	18,553	18,553
Total current assets	<u>313,042</u>	<u>364,986</u>	<u>678,028</u>
Noncurrent Assets:			
Prepaid OPEB obligation	4,899	-	4,899
Net depreciable capital assets	546	-	546
Total noncurrent assets	<u>5,445</u>	<u>-</u>	<u>5,445</u>
Total assets	<u>318,487</u>	<u>364,986</u>	<u>683,473</u>
Deferred Outflows of Resources:			
Deferred pension related outflows	27,450	-	27,450
Deferred OPEB related outflows	9,024	-	9,024
Total deferred outflows of resources	<u>36,474</u>	<u>-</u>	<u>36,474</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Voucher and accounts payable	77,085	8,309	85,394
Accrued payroll	-	904	904
Accrued compensated absences	2,759	-	2,759
Total current liabilities	<u>79,844</u>	<u>9,213</u>	<u>89,057</u>
Noncurrent Liabilities:			
Net pension liability	169,223	-	169,223
Accrued compensated absences	7,033	-	7,033
Total noncurrent liabilities	<u>176,256</u>	<u>-</u>	<u>176,256</u>
Total liabilities	<u>256,100</u>	<u>9,213</u>	<u>265,313</u>
Deferred Inflows of Resources			
Deferred pension related inflows	18,526	-	18,526
Deferred OPEB related inflows	47,156	-	47,156
Total deferred inflows of resources	<u>65,682</u>	<u>-</u>	<u>65,682</u>
<u>NET POSITION</u>			
Net invested in capital assets	546	-	546
Restricted - Housing	27,734	-	27,734
Restricted - OPEB	4,899	-	4,899
Unrestricted	-	355,773	355,773
TOTAL NET POSITION	<u>\$ 33,179</u>	<u>\$355,773</u>	<u>\$ 388,952</u>

See auditors report on pages 11-13.

CITY OF PADUCAH, KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Section 8 Housing	Transient Dock Fund	Total Nonmajor Enterprise Funds
Operating Revenues:			
Charges for services	\$ -	\$120,401	\$ 120,401
Miscellaneous	1,317	-	1,317
Total operating income	<u>1,317</u>	<u>120,401</u>	<u>121,718</u>
Operating Expenses:			
Cost of sales and service	2,601,802	126,053	2,727,855
Depreciation and amortization	208	-	208
Total operating expenses	<u>2,602,010</u>	<u>126,053</u>	<u>2,728,063</u>
Operating income (loss)	<u>(2,600,693)</u>	<u>(5,652)</u>	<u>(2,606,345)</u>
Non-Operating Revenues (Expenses):			
Grants - program purpose	2,583,574	-	2,583,574
Interest and investment income	34	15,835	15,869
Total nonoperating revenues (expenses)	<u>2,583,608</u>	<u>15,835</u>	<u>2,599,443</u>
Income (loss) before contributions and transfers	<u>(17,085)</u>	<u>10,183</u>	<u>(6,902)</u>
Contributions and Operating Transfers:			
Transfers in	-	304,100	304,100
Transfers out	-	-	-
Total contributions and operating transfers	<u>-</u>	<u>304,100</u>	<u>304,100</u>
Change in net position	(17,085)	314,283	297,198
Net position - beginning	<u>50,264</u>	<u>41,490</u>	<u>91,754</u>
Net position - ending	<u>\$ 33,179</u>	<u>\$355,773</u>	<u>\$ 388,952</u>

See auditors report on pages 11-13.

CITY OF PADUCAH, KENTUCKY
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Section 8 Housing	Transient Dock Fund	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:			
Cash received from customers	\$ -	\$ 120,401	\$ 120,401
Payments to employees	(46,916)	(21,128)	(68,044)
Other receipts	1,317	-	1,317
Housing assistance and other payments	(2,586,987)	(102,533)	(2,689,520)
Net cash provided (used) by operating activities	<u>(2,632,586)</u>	<u>(3,260)</u>	<u>(2,635,846)</u>
Cash Flows from Noncapital Financing Activities:			
Grants - program purpose	2,583,574	-	2,583,574
Transfers from other funds	-	304,100	304,100
Transfers to other funds	-	-	-
Net cash provided (used) by noncapital financing activities	<u>2,583,574</u>	<u>304,100</u>	<u>2,887,674</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from sale of assets	-	-	-
Acquisition and construction of capital assets	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:			
Interest on cash and investments	34	15,835	15,869
Net cash provided (used) by investing activities	<u>34</u>	<u>15,835</u>	<u>15,869</u>
Net increase (decrease) in cash and cash equivalents	(48,978)	316,675	267,697
Cash and cash equivalents, July 1, 2024	362,020	29,758	391,778
CASH AND CASH EQUIVALENTS, JUNE 30, 2025	<u><u>\$ 313,042</u></u>	<u><u>\$ 346,433</u></u>	<u><u>\$ 659,475</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (2,600,693)	\$ (5,652)	\$ (2,606,345)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	208	-	208
Change in assets and liabilities:			
Inventory	-	(3,904)	(3,904)
OPEB obligation and related deferrals	(12,963)	-	(12,963)
Pension obligation and related deferrals	(9,702)	-	(9,702)
Accounts payable and accrued expenses	(9,436)	6,296	(3,140)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ (2,632,586)</u></u>	<u><u>\$ (3,260)</u></u>	<u><u>\$ (2,635,846)</u></u>

See auditors report on pages 11-13.

CITY OF PADUCAH, KENTUCKY

SUPPLEMENTARY INFORMATION

INTERNAL SERVICE FUNDS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

**COMBINING FINANCIAL STATEMENTS
INTERNAL SERVICE FUNDS**

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

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

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

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

CITY OF PADUCAH, KENTUCKY
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2025

<u>ASSETS</u>	Fleet Maintenance	Fleet Lease Trust	Insurance Fund	Health Insurance Fund	Combined Total
Current Assets:					
Cash and cash equivalents	\$ 300	\$3,492,817	\$ 924,000	\$2,587,663	\$ 7,004,780
Receivables, net	80,828	4,150	-	182,645	267,623
Prepaid expense	-	772,913	-	-	772,913
Inventories	90,803	-	-	-	90,803
Total current assets	<u>171,931</u>	<u>4,269,880</u>	<u>924,000</u>	<u>2,770,308</u>	<u>8,136,119</u>
Noncurrent Assets:					
Prepaid OPEB obligations	24,753	-	-	-	24,753
Net depreciable capital assets	62,160	4,930,098	-	-	4,992,258
Total noncurrent assets	<u>86,913</u>	<u>4,930,098</u>	<u>-</u>	<u>-</u>	<u>5,017,011</u>
Total assets	<u>258,844</u>	<u>9,199,978</u>	<u>924,000</u>	<u>2,770,308</u>	<u>13,153,130</u>
Deferred Outflows of Resources:					
Deferred pension related outflows	136,019	-	-	-	136,019
Deferred OPEB related outflows	45,597	-	-	-	45,597
Total deferred outflows of resources	<u>181,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>181,616</u>
<u>LIABILITIES</u>					
Current Liabilities:					
Voucher and accounts payable	10,091	-	433	306,819	317,343
Accrued payroll and payroll taxes	27,048	-	-	-	27,048
Accrued compensated absences	44,771	-	-	-	44,771
Total current liabilities	<u>81,910</u>	<u>-</u>	<u>433</u>	<u>306,819</u>	<u>389,162</u>
Noncurrent Liabilities:					
Pension obligations	854,963	-	-	-	854,963
Total noncurrent liabilities	<u>854,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>854,963</u>
Total liabilities	<u>936,873</u>	<u>-</u>	<u>433</u>	<u>306,819</u>	<u>1,244,125</u>
Deferred Inflows of Resources					
Deferred pension related inflows	93,597	-	-	-	93,597
Deferred OPEB related inflows	239,640	-	-	-	239,640
Total deferred inflows of resources	<u>333,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>333,237</u>
<u>NET POSITION</u>					
Net invested in capital assets	62,160	4,930,098	-	-	4,992,258
Restricted - OPEB	24,753	-	-	-	24,753
Unrestricted	<u>(916,563)</u>	<u>4,269,880</u>	<u>923,567</u>	<u>2,463,489</u>	<u>6,740,373</u>
TOTAL NET POSITION	<u>\$ (829,650)</u>	<u>\$9,199,978</u>	<u>\$ 923,567</u>	<u>\$2,463,489</u>	<u>\$ 11,757,384</u>

See auditors report on pages 11-13.

CITY OF PADUCAH, KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Fleet Maintenance	Fleet Lease Trust	Insurance Fund	Health Insurance Fund	Combined Total
Operating Revenues:					
Charges for services - internal	\$ 727,755	\$ 1,180,428	\$ 1,281,043	\$ 3,174,444	\$ 6,363,670
Charges for services - external	-	-	-	330,157	330,157
Total operating revenues	<u>727,755</u>	<u>1,180,428</u>	<u>1,281,043</u>	<u>3,504,601</u>	<u>6,693,827</u>
Operating Expenses:					
Vehicle maintenance	590,603	-	-	-	590,603
Administrative	-	59,251	-	730,554	789,805
Insurance premium, claims and medical	-	-	1,345,901	3,766,272	5,112,173
Depreciation	7,703	878,652	-	-	886,355
Total operating expenses	<u>598,306</u>	<u>937,903</u>	<u>1,345,901</u>	<u>4,496,826</u>	<u>7,378,936</u>
Operating income (loss)	<u>129,449</u>	<u>242,525</u>	<u>(64,858)</u>	<u>(992,225)</u>	<u>(685,109)</u>
Nonoperating Revenues and (Expenses):					
Interest and investment income	-	170,133	-	150,529	320,662
Gain (loss) on disposal of property and equipment	10,020	72,014	-	-	82,034
Total nonoperating revenues (expenses)	<u>10,020</u>	<u>242,147</u>	<u>-</u>	<u>150,529</u>	<u>402,696</u>
Income (loss) before transfers	<u>139,469</u>	<u>484,672</u>	<u>(64,858)</u>	<u>(841,696)</u>	<u>(282,413)</u>
Contributions and Transfers:					
Transfers in	76,893	-	56,980	-	133,873
Transfers out	-	-	-	(91,370)	(91,370)
Total contributions and operating transfers	<u>76,893</u>	<u>-</u>	<u>56,980</u>	<u>(91,370)</u>	<u>42,503</u>
Change in net position	216,362	484,672	(7,878)	(933,066)	(239,910)
Net position - beginning	<u>(1,046,012)</u>	<u>8,715,306</u>	<u>931,445</u>	<u>3,396,555</u>	<u>11,997,294</u>
Net position - ending	<u>\$ (829,650)</u>	<u>\$ 9,199,978</u>	<u>\$ 923,567</u>	<u>\$ 2,463,489</u>	<u>\$ 11,757,384</u>

See auditors report on pages 11-13.

CITY OF PADUCAH, KENTUCKY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Fleet Maintenance</u>	<u>Fleet Lease Trust</u>	<u>Insurance Fund</u>	<u>Health Insurance Fund</u>	<u>Combined Total</u>
Cash Flows from Operating Activities:					
Receipts from other funds for services	\$ 737,077	\$ 1,176,278	\$ 1,281,102	\$ 3,425,908	\$ 6,620,365
Payments to suppliers	(89,304)	679,587	-	-	590,283
Payments to employees	(706,133)	-	-	-	(706,133)
Insurance premium, claims and medical	-	-	-	(3,611,419)	(3,611,419)
Other payments	-	(59,251)	(1,383,372)	(730,554)	(2,173,177)
Net cash provided (used) by operating activities	<u>(58,360)</u>	<u>1,796,614</u>	<u>(102,270)</u>	<u>(916,065)</u>	<u>719,919</u>
Cash Flows from Noncapital Financing Activities:					
Transfers from other funds	76,893	-	56,980	-	133,873
Transfers to other funds	-	-	-	(91,370)	(91,370)
Net cash provided (used) by noncapital financing activities	<u>76,893</u>	<u>-</u>	<u>56,980</u>	<u>(91,370)</u>	<u>42,503</u>
Cash Flows from Capital and Related Financing Activities:					
Proceeds from sale of capital assets	10,020	116,667	-	-	126,687
Purchase of capital assets	(33,289)	(2,173,571)	-	-	(2,206,860)
Net cash provided (used) by capital and related financing activities	<u>(23,269)</u>	<u>(2,056,904)</u>	<u>-</u>	<u>-</u>	<u>(2,080,173)</u>
Cash Flows from Investing Activities:					
Interest and dividends	-	170,133	-	150,529	320,662
Net cash provided (used) by investing activities	<u>-</u>	<u>170,133</u>	<u>-</u>	<u>150,529</u>	<u>320,662</u>
Net increase (decrease) in cash and cash equivalents	(4,736)	(90,157)	(45,290)	(856,906)	(997,089)
Cash and cash equivalents, July 1, 2024	5,036	3,582,974	969,290	3,444,569	8,001,869
CASH AND CASH EQUIVALENTS, JUNE 30, 2025	<u>\$ 300</u>	<u>\$ 3,492,817</u>	<u>\$ 924,000</u>	<u>\$ 2,587,663</u>	<u>\$ 7,004,780</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 129,449	\$ 242,525	\$ (64,858)	\$ (992,225)	\$ (685,109)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	7,703	878,652	-	-	886,355
Change in assets and liabilities:					
Receivables	9,322	(4,150)	59	(78,693)	(73,462)
Prepaid expense	-	679,587	-	-	679,587
Inventories	(16,288)	-	-	-	(16,288)
OPEB obligation and related deferrals	(77,435)	-	-	-	(77,435)
Pension obligation and related deferrals	(105,924)	-	-	-	(105,924)
Accounts payable and accrued expenses	(5,187)	-	(37,471)	154,853	112,195
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (58,360)</u>	<u>\$ 1,796,614</u>	<u>\$ (102,270)</u>	<u>\$ (916,065)</u>	<u>\$ 719,919</u>

See auditors report on pages 11-13.

CITY OF PADUCAH, KENTUCKY

SUPPLEMENTARY INFORMATION

FIDUCIARY FUNDS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

**COMBINING FINANCIAL STATEMENTS
FIDUCIARY FUNDS**

Private-purpose Trust Funds

Cemetery and Park Trusts – to account for assets held by the City in the capacity of trustee for specified purposes.

CITY OF PADUCAH, KENTUCKY
STATEMENT OF NET POSITION
FIDUCIARY FUNDS - PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2025

	Cemetery and Park Trusts
<u>ASSETS</u>	
Cash and cash equivalents	\$ 17,871
Investments at fair value	
Mutual funds	<u>1,206,581</u>
Total assets	<u>1,224,452</u>
<u>LIABILITIES</u>	
Accounts payable	<u>-</u>
<u>NET POSITION</u>	
Restricted for other purposes	<u><u>\$ 1,224,452</u></u>

See auditors report on pages 11-13.

CITY OF PADUCAH, KENTUCKY
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS - PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Cemetery and Park Trusts</u>
Additions:	
Contributions:	
Private donations	\$ 9,442
Total contributions	<u>9,442</u>
Investment earnings:	
Change in fair value of investments	39,760
Interest and dividends	<u>77,796</u>
Net investment earnings	<u>117,556</u>
Total additions	<u>126,998</u>
Deductions:	
Capital outlay	51,301
Administrative expenses	<u>20,483</u>
Total deductions	<u>71,784</u>
Change in net position	55,214
Net position - beginning	<u>1,169,238</u>
Net position - ending	<u><u>\$ 1,224,452</u></u>

See auditors report on pages 11-13.

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CITY OF PADUCAH, KENTUCKY

STATISTICAL SECTION

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

STATISTICAL SECTION

This part of the City of Paducah's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being changed over time.	130-134
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and employee taxes.	135-140
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	141-144
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	145-146
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	147-149

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

TABLE 1
CITY OF PADUCAH, KENTUCKY
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2025	2024	2023 (2)	2022 (2)	2021	2020	2019	2018 (1)	2017	2016
Governmental activities:										
Net Invested in Capital Assets	\$ 96,401,070	\$ 70,081,507	\$ 64,717,247	\$ 58,980,030	\$ 57,608,864	\$ 57,368,777	\$ 55,243,449	\$ 55,031,812	\$ 52,898,618	\$ 46,389,685
Restricted for:										
Program purposes	4,937,879	4,580,706	2,705,217	793,091	196,957	208,525	213,379	128,699	131,055	147,218
Capital projects	1,134,317	1,147,177	1,056,931	203,051	563,002	732,616	964,320	1,959,953	2,137,650	1,148,789
OPEB	493,397	-	-	-	-	-	-	-	-	-
Unrestricted	(27,756,425)	(30,553,656)	(36,500,476)	(41,037,127)	(45,053,843)	(42,955,542)	(37,543,113)	(34,235,978)	(17,834,152)	(23,323,077)
Total governmental activities net position	\$ 75,210,238	\$ 45,255,734	\$ 31,978,919	\$ 18,939,045	\$ 13,314,980	\$ 15,354,376	\$ 18,878,035	\$ 22,884,486	\$ 37,333,171	\$ 24,362,615
Business-type activities:										
Net Invested in Capital Assets	3,086,729	2,481,099	2,432,284	2,148,059	2,094,123	2,465,553	2,494,761	2,876,483	2,152,827	1,678,728
Restricted for:										
Program purposes	27,734	49,510	7,527	199,794	105,322	-	-	-	-	38,247
OPEB	63,356	-	-	-	-	-	-	-	-	-
Unrestricted	(404,498)	(1,405,473)	(1,501,335)	(477,882)	(465,011)	(393,937)	256,715	159,847	1,513,281	3,194,228
Total business-type activities net position	\$ 2,773,321	\$ 1,125,136	\$ 938,476	\$ 1,869,971	\$ 1,734,434	\$ 2,071,616	\$ 2,751,476	\$ 3,036,330	\$ 3,666,108	\$ 4,911,203
Primary government:										
Net Invested in Capital Assets	99,487,799	72,562,606	67,149,531	61,128,089	59,702,987	59,834,330	57,738,210	57,908,295	55,051,445	48,068,413
Restricted for:										
Program purposes	4,965,613	4,630,216	2,712,744	992,885	302,279	208,525	213,379	128,699	131,055	185,465
Capital projects	1,134,317	1,147,177	1,056,931	203,051	563,002	732,616	964,320	1,959,953	2,137,650	1,148,789
OPEB	556,753	-	-	-	-	-	-	-	-	-
Unrestricted	(28,160,923)	(31,959,129)	(38,001,811)	(41,515,009)	(45,518,854)	(43,349,479)	(37,286,398)	(34,076,131)	(16,320,871)	(20,128,849)
Total primary government net position	\$ 77,983,559	\$ 46,380,870	\$ 32,917,395	\$ 20,809,016	\$ 15,049,414	\$ 17,425,992	\$ 21,629,511	\$ 25,920,816	\$ 40,999,279	\$ 29,273,818

(1) Significant change in governmental and business-type net position due to implementation of GASB No. 75 - Accounting and Financial Reporting for Other Postemployment Benefits other than Pensions.

(2) Fiscal years 2023 and 2022 have been restated for a correction of an error. Unassigned net position was overstated \$141,113.

TABLE 2
CITY OF PADUCAH, KENTUCKY
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2025	2024	2023	2022 (2)	2021	2020	2019	2018 (1)	2017	2016
Expenses										
<i>Governmental activities:</i>										
General government	\$ 13,787,393	\$ 11,710,196	\$ 11,972,825	\$ 11,686,115	\$ 12,846,090	\$ 10,574,490	\$ 8,891,713	\$ 9,590,575	\$ 8,652,987	\$ 9,777,876
Public safety	21,323,779	24,262,599	26,348,079	25,631,674	28,084,323	27,623,826	27,002,119	25,602,852	20,176,070	20,503,784
Public service	9,065,508	6,965,473	7,431,587	7,057,855	6,761,258	7,491,652	7,681,383	7,511,063	7,771,335	10,266,856
Parks and recreation	4,239,585	4,295,705	3,503,495	3,423,465	3,477,584	3,597,301	3,544,515	3,397,087	3,059,447	3,052,360
Planning and development	11,088,437	4,559,675	5,845,326	2,348,101	2,284,229	2,049,447	3,511,710	1,455,677	1,077,265	911,830
Interest on long-term debt	790,372	434,403	483,950	513,885	694,776	1,026,449	800,175	861,589	885,380	900,593
Total governmental activities expenses	<u>60,295,074</u>	<u>52,228,051</u>	<u>55,585,262</u>	<u>50,661,095</u>	<u>54,148,260</u>	<u>52,363,165</u>	<u>51,431,615</u>	<u>48,418,843</u>	<u>41,622,484</u>	<u>45,413,299</u>
<i>Business-type activities:</i>										
Solid Waste	5,127,128	4,705,558	5,482,827	4,558,219	4,849,815	5,302,783	4,512,447	4,096,022	3,902,907	3,815,476
Section Eight Housing	2,602,010	2,487,323	2,250,727	2,052,670	1,913,079	1,620,623	2,046,520	2,064,408	1,952,441	1,874,074
Civic Center	-	-	-	35,544	30,004	57,990	70,956	76,639	92,471	74,457
Transient Boat Dock	126,052	101,929	122,652	120,100	108,371	83,834	93,047	50,535	1,031	-
Total business-type activities expenses	<u>7,855,190</u>	<u>7,294,810</u>	<u>7,856,206</u>	<u>6,766,533</u>	<u>6,901,269</u>	<u>7,065,230</u>	<u>6,722,970</u>	<u>6,287,604</u>	<u>5,948,850</u>	<u>5,764,007</u>
Total primary government expenses	<u>\$ 68,150,264</u>	<u>\$ 59,522,861</u>	<u>\$ 63,441,468</u>	<u>\$ 57,427,628</u>	<u>\$ 61,049,529</u>	<u>\$ 59,428,395</u>	<u>\$ 58,154,585</u>	<u>\$ 54,706,447</u>	<u>\$ 47,571,334</u>	<u>\$ 51,177,306</u>
Program Revenues										
<i>Governmental activities:</i>										
Charges for services:										
General government	\$ 1,385,771	\$ 1,872,740	\$ 3,387,707	\$ 1,912,220	\$ 1,268,310	\$ 1,946,225	\$ 1,347,624	\$ 1,276,959	\$ 1,650,034	\$ 1,128,785
Public safety	504,958	484,612	433,823	409,311	363,503	348,524	523,209	571,427	340,705	237,641
Public service	1,145,205	1,076,634	988,555	941,589	985,735	981,243	994,610	962,822	967,518	1,065,010
Parks and recreation	180,670	158,120	151,604	103,842	35,371	50,677	126,473	125,996	121,929	132,909
Operating grants and contributions	3,328,848	7,594,357	9,181,984	4,333,082	5,036,389	3,000,719	2,513,938	2,441,864	7,509,005	6,179,709
Capital grants and contributions	29,472,188	2,777,103	2,619,851	2,222,360	1,662,014	2,192,974	1,685,423	542,980	3,702,428	4,139,036
Total governmental activities program revenues	<u>36,017,640</u>	<u>13,963,566</u>	<u>16,763,524</u>	<u>9,922,404</u>	<u>9,351,322</u>	<u>8,520,362</u>	<u>7,191,277</u>	<u>5,922,048</u>	<u>14,291,619</u>	<u>12,883,090</u>
<i>Business-type activities:</i>										
Solid Waste	\$ 5,886,446	\$ 4,935,112	\$ 4,822,064	\$ 4,802,844	\$ 4,561,051	\$ 4,738,408	\$ 4,597,398	\$ 4,555,488	\$ 4,567,392	\$ 4,520,084
Section Eight Housing	1,317	186	100	2,056	466	299	1,504	-	-	-
Civic Center	-	-	-	-	(2,750)	15,423	29,784	35,670	36,725	40,148
Transient Boat Dock	120,401	81,711	133,436	120,819	41,068	72,788	79,362	43,534	-	-
Operating grants and contributions	2,648,900	2,557,918	2,160,230	2,204,532	2,118,215	1,903,339	2,057,051	1,965,868	1,962,125	1,845,549
Capital grants and contributions	598,756	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>9,255,820</u>	<u>7,574,927</u>	<u>7,115,830</u>	<u>7,130,251</u>	<u>6,718,050</u>	<u>6,730,257</u>	<u>6,765,099</u>	<u>6,600,560</u>	<u>6,566,242</u>	<u>6,405,781</u>
Total primary government program revenues	<u>\$ 45,273,460</u>	<u>\$ 21,538,493</u>	<u>\$ 23,879,354</u>	<u>\$ 17,052,655</u>	<u>\$ 16,069,372</u>	<u>\$ 15,250,619</u>	<u>\$ 13,956,376</u>	<u>\$ 12,522,608</u>	<u>\$ 20,857,861</u>	<u>\$ 19,288,871</u>

TABLE 2
CITY OF PADUCAH, KENTUCKY
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2025	2024	2023	2022 (2)	2021	2020	2019	2018 (1)	2017	2016
Net (Expense)/Revenue										
<i>Governmental activities</i>	\$(24,277,434)	\$(38,264,485)	\$(38,821,738)	\$(40,738,691)	\$(44,796,938)	\$(43,842,803)	\$(44,240,338)	\$(42,496,795)	\$(27,330,865)	\$(32,530,209)
<i>Business-type activities</i>	1,400,630	280,117	(740,376)	363,718	(183,219)	(334,973)	42,129	312,956	617,392	641,774
Total primary government net (expense)	<u>\$(22,876,804)</u>	<u>\$(37,984,368)</u>	<u>\$(39,562,114)</u>	<u>\$(40,374,973)</u>	<u>\$(44,980,157)</u>	<u>\$(44,177,776)</u>	<u>\$(44,198,209)</u>	<u>\$(42,183,839)</u>	<u>\$(26,713,473)</u>	<u>\$(31,888,435)</u>
General Revenues and Other Changes in Net Position										
<i>Governmental activities:</i>										
Taxes and licenses:										
Property taxes, levied for general purpose	7,181,645	6,778,826	6,575,885	6,128,302	5,915,288	5,670,956	5,449,122	5,248,369	4,996,242	4,943,962
Insurance premium tax	7,102,699	7,424,599	6,331,216	5,834,013	5,819,896	4,712,859	4,486,038	4,592,834	4,331,956	4,170,381
Gross receipts license tax	4,779,042	5,137,856	5,375,589	5,297,560	4,530,125	4,307,270	4,367,410	4,631,352	4,721,657	4,711,708
Employee license tax	27,213,450	24,835,738	25,904,591	23,845,186	22,064,353	21,490,918	21,648,742	21,054,644	20,803,763	20,130,249
Other taxes	4,477,205	4,449,033	4,547,198	4,433,257	3,818,918	3,060,362	2,941,096	3,044,203	2,933,407	2,759,902
Unrestricted investment earnings	3,459,440	2,866,207	2,667,976	551,355	368,425	610,727	728,227	428,721	188,097	137,224
Miscellaneous	2,557	(270,959)	70,118	14,710	-	-	99,208	14,190	51,922	189,489
Transfers in/out	15,900	320,000	389,039	258,374	240,537	466,050	514,046	390,048	2,274,377	137,582
Total governmental activities	<u>54,231,938</u>	<u>51,541,300</u>	<u>51,861,612</u>	<u>46,362,757</u>	<u>42,757,542</u>	<u>40,319,142</u>	<u>40,233,889</u>	<u>39,404,361</u>	<u>40,301,421</u>	<u>37,180,497</u>
<i>Business-type activities:</i>										
Unrestricted investment earnings	157,971	169,462	136,363	28,613	27,226	68,177	91,140	54,139	37,644	30,302
Miscellaneous	105,484	57,081	61,557	1,580	59,348	72,986	75,923	(13,063)	374,244	85,649
Transfers	(15,900)	(320,000)	(389,039)	(258,374)	(240,527)	(466,050)	(514,046)	(390,048)	(2,274,377)	(137,582)
Total business-type activities	<u>247,555</u>	<u>(93,457)</u>	<u>(191,119)</u>	<u>(228,181)</u>	<u>(153,953)</u>	<u>(324,887)</u>	<u>(346,983)</u>	<u>(348,972)</u>	<u>(1,862,489)</u>	<u>(21,631)</u>
Change in Net Position										
<i>Governmental activities:</i>	29,954,504	13,276,815	13,039,874	5,624,066	(2,039,396)	(3,523,661)	(4,006,449)	(3,092,434)	12,970,556	4,650,288
<i>Business-type activities:</i>	1,648,185	186,660	(931,495)	135,537	(337,172)	(659,860)	(304,854)	(36,016)	(1,245,097)	620,143
Total primary government	<u>\$ 31,602,689</u>	<u>\$ 13,463,475</u>	<u>\$ 12,108,379</u>	<u>\$ 5,759,603</u>	<u>\$ (2,376,568)</u>	<u>\$ (4,183,521)</u>	<u>\$ (4,311,303)</u>	<u>\$ (3,128,450)</u>	<u>\$ 11,725,459</u>	<u>\$ 5,270,431</u>

(1) Significant change in governmental and business-type net position due to implementation of GASB No. 75 - Accounting and Financial Reporting for Other Postemployment Benefits other than Pensions.

(2) Fiscal year 2022 has been restated for a correction of an error. Grant revenues were overstated \$141,113.

TABLE 3
CITY OF PADUCAH, KENTUCKY
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2025	2024	2023 (1)	2022 (1)	2021	2020	2019	2018	2017	2016
General Fund										
Committed for:										
Pension reserve	\$ -	\$ -	\$ 670,365	\$ 670,365	\$ 670,365	\$ 670,365	\$ -	\$ -	\$ -	\$ -
Unassigned	25,716,551	31,537,207	28,723,579	24,267,113	21,538,628	18,974,268	19,184,079	17,697,273	15,330,645	13,198,126
Total general fund	<u>\$25,716,551</u>	<u>\$31,537,207</u>	<u>\$29,393,944</u>	<u>\$24,937,478</u>	<u>\$22,208,993</u>	<u>\$19,644,633</u>	<u>\$19,184,079</u>	<u>\$17,697,273</u>	<u>\$15,330,645</u>	<u>\$13,198,126</u>
All Other Governmental Funds										
Nonspendable:										
Inventory	\$ 550,165	\$ 317,758	\$ 295,989	\$ 341,539	\$ 376,339	\$ 453,398	\$ 474,816	\$ 471,135	\$ 525,732	\$ 623,735
Restricted for:										
Program purposes	3,328,093	2,682,064	1,833,884	996,142	759,959	941,141	996,071	758,139	736,461	1,296,007
Capital improvements	35,050,856	15,357,729	18,061,121	19,887,997	19,779,154	19,977,142	181,628	1,330,513	1,532,244	-
Committed for:										
Capital improvements	2,147,778	4,383,754	3,977,570	4,130,122	3,655,121	2,934,287	2,352,368	2,310,621	2,387,922	2,018,581
Assigned for:										
Program purposes	2,995,377	2,057,275	2,129,517	1,953,881	1,835,723	1,599,371	1,491,921	1,323,941	1,325,941	1,049,802
Capital improvements	18,682,634	5,659,695	7,724,128	7,397,442	6,370,850	4,184,306	3,987,920	5,851,629	7,429,412	5,179,330
Total all other governmental funds	<u>\$62,754,903</u>	<u>\$30,458,275</u>	<u>\$34,022,209</u>	<u>\$34,707,123</u>	<u>\$32,777,146</u>	<u>\$30,089,645</u>	<u>\$ 9,484,724</u>	<u>\$12,045,978</u>	<u>\$13,937,712</u>	<u>\$10,167,455</u>

(1) Fiscal years 2023 and 2022 have been restated for a correction of an error. Assigned capital improvement fund balance was overstated \$141,113.

TABLE 4
CITY OF PADUCAH, KENTUCKY
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2025	2024	2023	2022 (2)	2021	2020	2019	2018	2017	2016
Revenues:										
Taxes	\$ 11,728,565	\$ 11,327,318	\$ 11,058,652	\$ 10,565,908	\$ 9,774,901	\$ 8,652,093	\$ 7,803,520	\$ 7,741,994	\$ 7,310,257	\$ 6,976,933
Licenses	40,146,656	38,407,710	38,749,289	35,949,346	32,871,864	30,962,169	30,987,476	30,817,507	30,360,825	29,606,552
Charges for services	1,319,375	1,252,253	1,183,490	1,077,278	922,955	918,894	980,827	1,037,668	964,766	884,259
Intergovernmental	1,919,736	1,443,677	1,230,753	1,165,253	1,806,439	1,305,247	1,246,666	1,243,856	1,140,622	1,132,852
Grants	7,682,217	5,614,178	7,321,192	3,759,769	4,565,348	2,832,657	2,580,700	1,056,687	6,476,765	8,892,529
Interest	3,138,780	2,490,232	2,383,331	501,653	312,932	495,449	594,569	364,975	144,079	115,922
Property upkeep, rentals, sales and other	27,541,573	4,637,478	4,295,256	2,931,011	4,150,383	2,605,489	2,292,786	2,746,311	2,389,230	2,085,412
Total revenues	93,476,902	65,172,846	66,221,963	55,950,218	54,404,822	47,771,998	46,486,544	45,008,998	48,786,544	49,694,459
Expenditures:										
General government	7,077,101	7,107,555	8,800,786	5,970,330	5,448,505	5,083,231	4,776,778	5,282,385	4,881,298	4,526,828
Public safety	28,505,685	26,310,934	25,225,283	23,386,768	21,741,834	20,699,568	20,216,219	19,755,167	18,923,070	18,435,365
Public service	32,225,122	8,149,434	7,320,232	6,739,731	6,006,971	6,638,775	7,135,831	6,856,203	6,515,997	6,106,773
Parks and recreation	3,655,972	3,436,053	3,316,436	3,123,799	2,945,053	3,240,206	3,255,263	3,129,032	3,012,236	2,929,404
Planning and development	12,277,328	4,027,125	5,607,080	3,171,421	2,482,941	1,976,496	1,290,569	1,071,878	936,855	910,379
Other	457,523	457,221	454,096	493,736	1,393,692	431,505	430,441	441,674	393,812	441,742
Capital outlay	6,508,627	12,546,751	12,302,819	7,639,458	4,499,609	6,386,992	10,433,993	5,077,017	10,287,203	13,305,919
Debt service:										
Principal requirement	3,871,202	4,316,277	2,832,606	3,309,044	3,575,792	2,763,738	2,443,416	2,357,542	2,244,361	2,137,759
Debt issuance costs	247,444	-	-	17,486	49,076	182,105	86,283	-	-	-
Interest and fiscal requirement	1,359,740	1,070,459	1,112,096	1,134,620	1,184,922	812,040	787,368	804,620	810,917	845,609
Total expenditures	96,185,744	67,421,809	66,971,434	54,986,393	49,328,395	48,214,656	50,856,161	44,775,518	48,005,749	49,639,778
Other Financing Sources (Uses):										
Issuance of long term debt	25,815,000	-	-	1,330,614	3,020,000	20,520,000	5,370,000	-	-	-
Payment to bond escrow agent	-	-	-	(1,507,646)	(3,187,734)	-	(2,815,573)	-	-	-
Premium on debt issued	1,532,035	-	-	204,531	232,710	-	332,097	-	-	-
Discount on debt issued	(96,517)	-	-	(10,013)	(11,955)	(64,666)	-	-	-	-
Long-term debt draws/issued	-	-	1,213,469	3,460,662	48,236	463,262	133,749	-	3,000,000	-
Leases & subscription-based information technology arrangements	1,938,600	617,169	2,921,340	-	-	-	-	-	-	-
Transfers in	21,123,710	15,065,811	13,076,213	8,485,383	10,982,495	9,681,148	10,644,129	6,330,766	10,377,609	10,034,851
Transfers out	(21,128,014)	(14,854,688)	(12,690,002)	(8,268,894)	(10,908,318)	(9,091,611)	(10,369,233)	(6,089,352)	(8,255,627)	(10,105,282)
Total other financing sources (uses)	29,184,814	828,292	4,521,020	3,694,637	175,434	21,508,133	3,295,169	241,414	5,121,982	(70,431)
Net change in fund balances	\$ 26,475,972	\$ (1,420,671)	\$ 3,771,549	\$ 4,658,462	\$ 5,251,861	\$ 21,065,475	\$ (1,074,448)	\$ 474,894	\$ 5,902,777	\$ (15,750)
Capital outlay (1)	\$ 32,478,263	\$ 11,520,913	\$ 12,790,865	\$ 6,960,055	\$ 4,056,766	\$ 5,253,907	\$ 7,057,338	\$ 4,871,811	\$ 8,180,134	\$ 9,718,561
Debt service as a percentage of noncapital expenditures	8.21%	9.64%	7.28%	9.25%	10.52%	8.32%	7.38%	7.92%	7.67%	7.47%

(1) Capital outlay is reported on the *Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities*.

(2) Fiscal year 2022 has been restated for a correction of an error. Grant revenues were overstated \$141,113.

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

Fiscal Year	Assessed Value				Estimated Actual Value	Total Direct Tax Rate	Percent Assessed To Estimated Value	Exemptions	
	Real Estate		Personal Property	Franchise					
	Commercial	Residential							Total
2016	902,687,182	783,886,570	573,896,954	57,561,993	2,318,032,699	2,394,834,871	0.289	96.8%	76,802,172
2017	900,450,880	802,111,012	603,335,847	66,110,416	2,372,008,155	2,448,169,297	0.290	96.9%	76,161,142
2018	945,354,526	842,349,240	746,891,857	81,951,770	2,616,547,393	2,697,740,881	0.295	97.0%	81,193,488
2019	959,205,670	882,316,666	550,296,896	65,404,364	2,457,223,596	2,541,130,248	0.291	96.7%	83,906,652
2020	988,724,688	903,643,347	518,116,004	40,179,286	2,450,663,325	2,539,860,943	0.293	96.5%	89,197,618
2021	1,041,983,926	936,331,898	584,105,652	107,578,333	2,669,999,809	2,758,847,489	0.295	96.8%	88,847,680
2022	1,089,161,125	951,835,958	554,605,247	106,115,378	2,701,717,708	2,792,306,325	0.296	96.8%	90,588,617
2023	1,169,528,609	1,044,566,181	577,849,087	91,913,018	2,883,856,895	2,979,916,410	0.291	96.8%	96,059,515
2024	1,236,115,573	1,187,796,499	679,269,847	111,217,773	3,214,399,692	3,326,691,653	0.282	96.6%	112,291,961
2025	1,268,625,093	1,210,868,200	703,954,064	87,676,511	3,271,123,868	3,383,035,529	0.284	96.7%	111,911,661

Source: McCracken County Property Valuation Administrator

Notes: Property in McCracken county is reassessed once every four years on average.

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

Fiscal Year	City Direct Rates			McCracken Co. School Districts		City of Paducah School Districts		Paducah Junior College		McCracken County	
	General Fund		Total Direct Rate	Real Estate	Personal	Real Estate	Personal	Real Estate	Personal	Real Estate	Personal
	Real Estate	Personal									
2016	0.255	0.390	0.289	0.524	0.524	0.800	0.800	0.017	0.017	0.098	0.102
2017	0.255	0.390	0.290	0.516	0.516	0.799	0.799	0.017	0.017	0.096	0.098
2018	0.255	0.390	0.295	0.520	0.530	0.797	0.797	0.016	0.016	0.094	0.094
2019	0.261	0.390	0.291	0.538	0.538	0.840	0.840	0.016	0.016	0.096	0.132
2020	0.267	0.390	0.293	0.538	0.538	0.864	0.864	0.016	0.016	0.101	0.142
2021	0.267	0.390	0.295	0.538	0.538	0.864	0.864	0.016	0.016	0.105	0.139
2022	0.271	0.390	0.296	0.538	0.538	0.864	0.864	0.016	0.016	0.107	0.161
2023	0.265	0.390	0.291	0.538	0.538	0.846	0.864	0.015	0.015	0.108	0.164
2024	0.256	0.373	0.282	0.530	0.530	0.846	0.864	0.014	0.014	0.105	0.158
2025	0.264	0.356	0.284	0.525	0.528	0.874	0.874	0.014	0.013	0.106	0.157

Source: McCracken County Property Valuation Administrator and City Tax Levy Ordinance.

**TABLE 7
CITY OF PADUCAH, KENTUCKY
PRINCIPAL TAXPAYERS - PROPERTY TAX
CURRENT YEAR AND NINE YEARS PRIOR**

Taxpayer	2025		2016	
	(1) Assessed Valuation	(1) Percentage of Total Assessed Valuation	(2) Assessed Valuation	(2) Percentage of Total Assessed Valuation
Kentucky Oaks Mall	\$ 45,928,400	1.40%	\$ 50,900,262	2.20%
Boyd Co FKA Whayne Supply Co	28,724,892	0.88%		
Prosper Paducah LLC	25,680,000	0.79%		
Hudson Technologies Co	19,593,553	0.60%		
LCP Paducah II LLC	15,674,484	0.48%		
Computer Services Inc	15,521,291	0.47%	9,083,185	0.39%
Menard LLC	14,950,001	0.46%		
UACJ Automotive Whitehall Ind.	14,366,734	0.44%		
Paducah Medical Investors	14,112,094	0.43%	13,440,090	0.58%
Ducmall LLC	13,300,852	0.41%	13,119,800	0.57%
Superior Care Homes Properties			14,791,539	0.64%
Woodstone Enterprises LP			12,429,000	0.54%
Wal Mart Real Estate Business			10,646,400	0.46%
Paducah Hospitality Partners			9,600,000	0.41%
Sams Real Estate Business Trust			9,222,955	0.40%
Wal-Mart Store			9,000,000	0.39%
TOTALS	\$ 207,852,301	6.36%	\$ 152,233,231	6.58%

(1) Source - Property Valuation Administration; Assessed value as of January 1, 2024.

(2) Source - Property Valuation Administration; Assessed value as of January 1, 2015.

**TABLE 8
CITY OF PADUCAH, KENTUCKY
SECURED TAX LEVIES AND COLLECTIONS*
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	(1) Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		(1) Amount of Collections	Percent of Levy Collected		Total Collections	Percent of Levy Collected
2016	4,878,798	4,802,067	98.4%	76,731	4,878,798	100.0%
2017	4,988,156	4,888,303	98.0%	99,853	4,988,156	100.0%
2018	5,210,184	5,120,761	98.3%	85,108	5,205,869	99.9%
2019	5,452,760	5,323,669	97.6%	122,045	5,445,714	99.9%
2020	5,646,948	5,506,011	97.5%	133,679	5,639,690	99.9%
2021	5,669,596	5,563,728	98.1%	97,212	5,660,940	99.8%
2022	6,107,476	5,970,732	97.8%	125,034	6,095,766	99.8%
2023	6,441,575	6,315,307	98.0%	107,595	6,422,902	99.7%
2024	6,775,370	6,687,893	98.7%	55,815	6,743,708	99.5%
2025	7,187,909	7,062,810	98.3%	-	7,062,810	98.3%

(1) Includes current year real and personal property tax.

* Source - City of Paducah Finance Department.

**TABLE 9
CITY OF PADUCAH, KENTUCKY
EMPLOYEE LICENSE TAX COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	(1) Taxes Collected	Direct Tax Rate
2016	20,130,158	2.00%
2017	20,803,763	2.00%
2018	21,054,644	2.00%
2019	21,648,742	2.00%
2020	21,490,917	2.00%
2021	22,064,353	2.00%
2022	23,845,186	2.00%
2023	25,904,591	2.00%
2024	26,131,614	2.00%
2025	27,213,450	2.00%
	<u>230,287,418</u>	

(1) Source - City of Paducah Finance Department - Actual collections during the fiscal year.

TABLE 10
CITY OF PADUCAH, KENTUCKY
PRINCIPAL EMPLOYEE LICENSE TAXPAYERS
CURRENT YEAR AND NINE YEARS PRIOR

Taxpayers By Range	2025			
	Number of Filers	Percentage of Total	(1) Taxes Collected	Percentage of Total Employee License Tax
\$0 - \$50,000	2,768	97.34%	11,486,041	42.21%
\$50,001 - \$100,000	43	1.51%	3,056,670	11.23%
\$100,001 - \$500,000	28	0.98%	5,541,949	20.36%
Greater than \$500,000	5	0.17%	7,128,790	26.20%
TOTALS	2,844	100.00%	\$ 27,213,450	100.00%

Taxpayers By Range	2016			
	Number of Filers	Percentage of Total	(1) Taxes Collected	Percentage of Total Employee License Tax
\$0 - \$50,000	2,444	97.81%	9,458,851	46.99%
\$50,001 - \$100,000	28	1.12%	2,061,308	10.24%
\$100,001 - \$500,000	25	1.00%	5,304,313	26.35%
Greater than \$500,000	2	0.07%	3,305,686	16.42%
TOTALS	2,499	100.00%	\$ 20,130,158	100.00%

(1) Source - City of Paducah Finance Department - Actual collections during the fiscal year.

**TABLE 11
CITY OF PADUCAH, KENTUCKY
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Reported General Obligation Bonds	Public Improvement Debt	Subscription-based Information Technology Arrangements		Total Primary Government	(1) Ratio of Net Debt to Actual Value	(3) Net Debt as Percentage of Personal Income	(2) Net Debt Per Capita
			Governmental Activities	Business-Type Activities				
2016	21,595,096	5,686,435	-	-	27,281,531	1.14	5.34%	1,090
2017	19,815,809	8,218,304	-	-	28,034,113	1.15	5.48%	1,120
2018	17,992,494	7,806,701	-	-	25,799,195	0.96	5.05%	1,031
2019	19,863,092	6,451,453	-	-	26,314,545	1.04	5.15%	1,052
2020	38,041,738	6,365,985	-	-	44,407,723	1.75	8.69%	1,775
2021	34,831,438	6,063,429	-	-	40,894,867	1.48	4.92%	1,507
2022	32,916,439	8,043,925	-	-	40,960,364	1.47	4.93%	1,509
2023	30,741,136	8,933,416	-	-	39,674,552	1.33	4.77%	1,462
2024	27,495,890	8,408,577	2,448,434	125,001	38,477,902	1.16	4.63%	1,418
2025	52,445,596	7,873,073	3,241,336	76,248	63,636,253	1.88	7.66%	2,345

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See Table 5 for estimated actual property value. This ratio is calculated using estimated property value for the prior year.

(2) See Table 16 for population data.

(3) See Table 16 for personal income data

TABLE 12
CITY OF PADUCAH, KENTUCKY
RATIO OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	Convention & Art Center Bonds	Police and Fire Pension Fund Bonds	Rental Building Bonds	Floodwall Rehabilitation Bonds	Public Improvement Project Bonds	Public Pool Renovation Bonds	Economic Development Bonds	Riverfront and E911 Equipment	Recreation Facility Bonds	Sports Facility Bonds	Amortization of Discounts and Premiums	Total	(1)	(2)
													Ratio of Net Bonds to Actual Value	Net Bonds Per Capita
2016	4,955,000	4,055,000	2,530,000	1,990,271	4,805,000	990,000	2,185,000	-	-	-	84,825	21,595,096	0.90	863
2017	4,515,000	3,660,000	2,230,000	1,862,123	4,505,000	925,000	2,040,000	-	-	-	78,686	19,815,809	0.81	792
2018	4,065,000	3,255,000	1,920,000	1,729,992	4,195,000	860,000	1,895,000	-	-	-	72,502	17,992,494	0.67	719
2019	3,610,000	2,845,000	1,600,000	2,355,000	3,870,000	790,000	1,750,000	2,700,000	-	-	343,092	19,863,092	0.78	794
2020	3,140,000	2,420,000	1,265,000	2,045,000	3,560,000	720,000	1,600,000	2,555,000	20,520,000	-	216,738	38,041,738	1.50	1,520
2021	2,525,000	1,985,000	-	1,715,000	3,240,000	650,000	1,445,000	2,400,000	20,520,000	-	351,438	34,831,438	1.26	1,284
2022	2,050,000	1,540,000	-	1,365,000	2,910,000	575,000	1,290,000	2,235,000	20,520,000	-	431,439	32,916,439	1.18	1,213
2023	1,560,000	1,080,000	-	1,000,000	2,570,000	500,000	1,125,000	2,070,000	20,520,000	-	316,136	30,741,136	1.03	1,133
2024	1,055,000	610,000	-	810,000	2,220,000	425,000	-	1,895,000	20,260,000	-	220,890	27,495,890	0.83	1,013
2025	535,000	180,000	-	655,000	1,875,000	345,000	-	1,710,000	19,785,000	25,815,000	1,545,596	52,445,596	1.55	1,933

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(1) See Table 5 for estimated actual property value. This ratio is calculated using estimated property value for the prior year.
(2) See Table 15 for population data.

TABLE 13
CITY OF PADUCAH, KENTUCKY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2025

	Reported Debt Outstanding	(1) Percentage Applicable to the City	Estimated Share of Direct and Overlapping Debt
City of Paducah	<u>\$ 63,636,253</u>	<u>100.00%</u>	<u>\$ 63,636,253</u>
Paducah Independent School District	73,352,000 *	100.00%	73,352,000
McCracken County	36,154,224 *	44.20%	15,980,167
McCracken County Board of Education	<u>86,840,000 *</u>	<u>30.00%</u>	<u>26,052,000</u>
Overlapping debt	<u>196,346,224</u>		<u>115,384,167</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u><u>\$ 259,982,477</u></u>		<u><u>\$ 179,020,420</u></u>

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

* Information from finance office at each location.

**TABLE 14
CITY OF PADUCAH, KENTUCKY
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Net assessed value		\$3,271,123,868
Add exemption		<u>111,911,661</u>
Total assessed value		<u>\$3,383,035,529</u>
Debt limit - 10% of total assessed (1)		\$ 338,303,553
Debt outstanding:		
General obligation bonds outstanding	\$ 52,445,596	
Note payable	7,873,073	
Less debt not subject to limit	<u>-</u>	
Gross bonded debt	60,318,669	
Less amount available in debt service funds	<u>2,224,625</u>	
Net bonded indebtedness subject to limit		<u>58,094,044</u>
LEGAL DEBT MARGIN		<u>\$ 280,209,509</u>

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Debt limit	<u>\$ 338,303,553</u>	<u>\$ 332,669,165</u>	<u>\$ 297,991,641</u>	<u>\$ 279,230,633</u>	<u>\$ 275,884,749</u>	<u>\$ 253,986,094</u>	<u>\$ 254,113,025</u>	<u>\$ 244,995,800</u>	<u>\$ 244,792,901</u>	<u>\$ 239,483,487</u>
Total net debt applicable to limit	<u>58,094,044</u>	<u>34,174,309</u>	<u>37,876,511</u>	<u>39,337,478</u>	<u>39,389,418</u>	<u>43,136,434</u>	<u>25,136,858</u>	<u>24,778,288</u>	<u>27,011,206</u>	<u>26,489,770</u>
LEGAL DEBT MARGIN	<u>\$ 280,209,509</u>	<u>\$ 298,494,856</u>	<u>\$ 260,115,130</u>	<u>\$ 239,893,155</u>	<u>\$ 236,495,331</u>	<u>\$ 210,849,660</u>	<u>\$ 228,976,167</u>	<u>\$ 220,217,512</u>	<u>\$ 217,781,695</u>	<u>\$ 212,993,717</u>
Total net debt applicable to the limited as a percentage of debt limit	17.17%	10.27%	12.71%	14.09%	14.28%	16.98%	9.89%	10.11%	11.03%	11.06%

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

**TABLE 15
CITY OF PADUCAH, KENTUCKY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	(1) Population	Personal Income	(1) Per Capita Income	(1) Median Age	(2) School Enrollment	(3) Unemployment Rate
2015-2016	25,024	511,240,320	20,430	41.4	3,139	6.2%
2016-2017	25,024	511,240,320	20,430	41.4	3,132	6.8%
2017-2018	25,024	511,240,320	20,430	41.4	2,835	6.4%
2018-2019	25,024	511,240,320	20,430	41.4	2,980	5.5%
2019-2020	25,024	511,240,320	20,430	41.4	3,232	5.4%
2020-2021	27,137	830,934,940	30,620	43.8	2,832	5.9%
2021-2022	27,137	830,934,940	30,620	43.8	2,832	4.6%
2022-2023	27,137	830,934,940	30,620	43.8	2,770	4.3%
2023-2024	27,137	830,934,940	30,620	43.8	2,784	4.9%
2024-2025	27,137	830,934,940	30,620	43.8	2,802	5.1%

Sources:

(1) Latest available Bureau of the Census Count

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

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

**TABLE 16
CITY OF PADUCAH, KENTUCKY
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS PRIOR**

<u>Employer</u>	<u>2025</u>		<u>2016</u>	
	<u>Employees (1)</u>	<u>Percentage of Total Employment (2)</u>	<u>Employees (1)</u>	<u>Percentage of Total Employment (2)</u>
Baptist Healthcare Systems	1,512	5.10%	820	3.05%
Bon Secours Mercy Health, Inc	1,408	4.75%	1,445	5.38%
Wal-Mart Associates, Inc.	1,035	3.49%	1,022	3.80%
Paducah Independent School District	589	1.99%	774	2.88%
Baptist Health Medical Group	438	1.48%		
Kentucky Community & Technical College	384	1.30%	451	1.68%
Vi Wintech Window & Door	377	1.27%		
City of Paducah	341	1.15%	486	1.81%
Lowes of Paducah #465	339	1.14%		
Credit Bureau Systems	289	0.98%		
Commonwealth of Kentucky			346	1.29%
Parkview Convalescent Center			278	1.03%
Computer Services Inc			270	1.00%
Paxton Media Group			209	0.78%
TOTALS	<u><u>6,712</u></u>	<u><u>22.65%</u></u>	<u><u>6,101</u></u>	<u><u>22.70%</u></u>

(1) Source - City of Paducah Finance Department

(2) State of Kentucky - Office of Employment and Training. Ratio based on employment within County of McCracken.

TABLE 17
CITY OF PADUCAH, KENTUCKY
CITY FULL-TIME EMPLOYEES BY FUNCTION*
Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<i>Governmental Activities</i>										
General government										
General administration	10	10	12	12	11	10	12	12	12	11
Finance	12	12	11	11	11	12	11	11	11	11
Information systems	8	8	6	5	4	4	6	5	5	5
Clerk/Customer Experience	4	4	4	5	5	5	0	0	0	0
Risk/Human resources	5	5	4	4	4	3	3	3	4	3
Public safety										
Police	90	90	90	90	87	87	87	87	87	87
Fire	75	75	75	75	75	74	76	77	76	76
Public service										
Streets	23.00	23.00	23.00	24.75	23.75	21.2	21.2	21.2	21.2	21
Facilities	13.75	13.75	13.75	13.25	14.25	12.8	12.8	12.8	12.8	12.5
Engineering	6.0	6.0	6.0	6.0	6.0	5.2	5.3	5.3	5.8	6.6
E911**	23	23	23	23	23	23	22	22	22	0
Other	5	5	5	5	5	5	5	5	5	5
Parks and recreation	25.7	23.7	25.7	25.7	25.7	27.7	27	27	25	25
Planning and development	7	7	7	7	8	8	12	11	11	10
Other										
Paducah Riverfront Dev. Authority	0	0	0	0	0	0	0	0	0	1
Boat dock	0.3	0.3	0.3	0.3	0.3	0.3	0	0	0	0
Fleet maintenance	8.3	8.3	8.3	6.5	6.5	6.5	6.5	6.5	6.5	6.5
<i>Business-type Activities</i>										
Solid waste	25.0	25.0	25.0	25.5	25.5	25.3	26.2	26.2	25.7	25.4
TOTAL PRIMARY GOVERNMENT	341	339	339	339	335	330	333	332	330	306

* Employee budget census.

** E911 became a City department effective 7/1/16.

TABLE 18
CITY OF PADUCAH, KENTUCKY
OPERATING INDICATORS BY FUNCTION**
Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General government										
Building and electrical permits issued	820	810	708	927	946	972	1,130	1,179	1,285	1,344
Business licenses issued	3,123	3,098	3,244	2,955	3,263	3,787	3,401	4,240	4,234	3,826
Public safety										
Police										
Adult arrests	2,194	2,997	3,247	2,468	1,944	1,859	2,371	2,443	2,259	2,174
Murder	2	4	3	5	4	3	-	6	1	2
Rape	24	21	16	30	20	18	18	24	13	11
Robberies	3	10	18	9	13	16	29	17	29	42
Burglary	48	71	74	79	114	105	144	178	130	185
Auto theft	71	79	59	97	97	64	70	101	89	59
Larceny	626	682	744	720	824	833	1,115	1,064	1,027	1,173
Arson	4	7	7	6	8	11	9	10	6	7
Traffic accidents	1,670	1,674	1,770	1,827	1,791	1,706	1,901	1,770	1,826	1,936
Traffic violations	1,822	4,392	2,360	2,248	1,765	2,085	2,168	3,723	4,663	4,231
Fire										
Emergency responses	4,344	4,096	5,682	5,808	3,010	3,300	3,235	3,320	3,275	3,201
Fires extinguished	114	127	158	157	178	154	108	118	135	124
Structure fires	36	42	42	57	77	60	35	39	36	42
Incidents with reported losses	114	81	158	157	178	157	136	119	138	72
Medical/rescue	3,049	3,969	4,498	4,450	2,010	2,113	2,244	2,295	2,308	2,259
Tours/in-services/car seats	211	170	220	211	142	229	276	229	262	305
Training man hours	13,111	13,901	18,838	14,412	11,651	10,755	9,372	10,755	8,378	10,589
Inspections	2,307	1,300	375	865	91	893	1,060	709	2,126	2,060
Refuse collection										
Residential										
Refuse collected (tons per day)	43	39	37	41	45	38	37	36	36	41
Customers served	10,214	10,175	10,250	10,178	10,129	9,734	9,895	9,889	9,806	9,801
Commercial										
Refuse collected (tons per day)	66	64	67	67	66	65	69	70	70	61
Customers served	995	982	960	953	943	943	950	930	858	854
Public service										
911 dispatches	101,017	102,250	93,372	85,203	81,504	90,603	90,191	94,187	94,053	85,380
Police	46,274	51,989	49,240	45,759	46,307	53,399	47,719	53,522	53,896	46,660
Fire	4,366	4,128	5,724	5,795	3,298	3,225	3,296	3,351	3,314	3,230
Other	50,377	46,133	38,408	33,649	31,899	33,979	39,176	37,314	36,843	35,490

** Information from city departments.

TABLE 19
CITY OF PADUCAH, KENTUCKY
CAPITAL ASSET STATISTICS BY FUNCTION*
Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	5	5	5	5	5	5	5	5	5	5
Refuse collection										
Collection trucks										
Residential	13	12	12	10	10	10	10	10	10	10
Commercial	6	6	5	4	4	4	4	4	4	4
Other public works										
Streets (miles paved)	221	221	219	218	218	218	218	218	218	218
Sidewalks (miles)	51	50	49	47	47	47	47	47	47	47
Traffic signals	8	8	8	10	10	13	13	13	13	13
Parks and recreation										
Parks	28	28	27	29	29	29	29	29	29	29
Acreage	1,095	1,095	949	960	960	960	960	960	960	960
Community centers	3	3	3	2	2	2	2	2	2	2
Swimming pools	1	1	1	1	1	1	1	1	1	1
Public tennis courts	7	7	7	7	7	7	7	6	6	6
Public golf/disk golf courses	2	2	3	4	4	4	4	4	4	4

* Information from city departments.

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CITY OF PADUCAH, KENTUCKY

SINGLE AUDIT SECTION

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

CITY OF PADUCAH, KENTUCKY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

<u>Federal Grantor/Pass-Through Grantor/ Program Title:</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Grantor Number</u>	<u>Pass-Through To Subrecipients</u>	<u>Expenditures</u>
Department of Housing and Urban Development:				
Direct Programs:				
Section 8 Housing Choice Vouchers	14.871	N/A	\$ -	\$ 2,621,580
Passed-through Kentucky Governors Office for Local Development:				
Community Development Block Grants	14.228	N/A	197,500	200,000
Total Department of Housing and Urban Development			<u>197,500</u>	<u>2,821,580</u>
Department of the Interior				
Passed-through Kentucky Heritage Council:				
Historic Preservation Fund Grants-In-Aid	15.904	N/A	-	6,888
Total Department of the Interior			<u>-</u>	<u>6,888</u>
Department of Justice:				
Direct Programs:				
Bulletproof Vest Partnership Program	16.607	N/A	-	6,479
Total Department of Justice			<u>-</u>	<u>6,479</u>
Department of Labor:				
Direct Programs:				
WIOA Dislocated Worker National Reserve Demonstration Grants	17.280	N/A	-	1,200
Total Department of Labor			<u>-</u>	<u>1,200</u>
Department of Transportation:				
Direct Programs:				
National Infrastructure Investments	20.933	N/A	-	2,474,941
Passed-through Kentucky Transportation Cabinet:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	PT-24-64	-	5,496
State and Community Highway Safety	20.600	PT-25-67	-	7,887
Total Highway Safety Cluster			<u>-</u>	<u>13,383</u>
Total Department of Transportation			<u>-</u>	<u>2,488,324</u>
Department of Environmental Protection				
Agency:				
Direct Programs:				
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	N/A	-	309,224
Total Department of Environmental Protection Agency			<u>-</u>	<u>309,224</u>
Department of Homeland Security:				
Passed-through Kentucky Division of Homeland Security				
Staate and Local Cybersecurity Grant Program	97.137	N/A	-	49,838
Total Department of Homeland Security			<u>-</u>	<u>49,838</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 197,500</u>	<u>\$ 5,683,533</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF PADUCAH, KENTUCKY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Paducah and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Award* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 - Subrecipients:

The City of Paducah provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Assistance Listing Number</u>	<u>Amount Provided</u>
Four Rivers Recovery Center	14.228	\$197,500

Note 3 – Indirect Cost Rate:

The City of Paducah has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 – Reconciliation of Federal Awards to the Financial Statements:

Total Federal Awards	<u>\$ 5,683,533</u>
Federal Awards by Fund	
General Fund	\$ 13,383
Capital Improvement Fund	2,847,370
Debt Service Fund	-
Special Revenue Fund	201,200
Proprietary Fund	<u>2,621,580</u>
Total Federal Awards	<u>\$ 5,683,533</u>



**INDEPENDENT AUDITOR'S 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***

Honorable George Bray, Mayor
Members of the Board of Commissioners
City of Paducah
Paducah, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Paducah, Kentucky, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City of Paducah, Kentucky's basic financial statements, and have issued our report thereon dated December 19, 2025.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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Phone: (270)443-4400 Fax: (270)443-0963 kempercpa.com

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kemper CPA Group, LLP

Certified Public Accountants and Consultants
Paducah, Kentucky
December 19, 2025



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable George Bray, Mayor
Members of the Board of Commissioners
City of Paducah
Paducah, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Paducah, Kentucky's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Paducah, Kentucky's major federal programs for the year ended June 30, 2025. City of Paducah, Kentucky's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Paducah, Kentucky complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Paducah, Kentucky and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Paducah, Kentucky's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Paducah, Kentucky's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Paducah, Kentucky's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Governmental Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

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The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Paducah, Kentucky's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Governmental Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Paducah, Kentucky's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Paducah, Kentucky's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Paducah, Kentucky's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

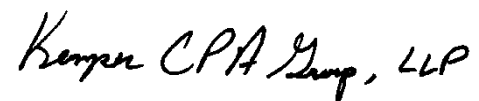
Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants and Consultants
Paducah, Kentucky
December 19, 2025

**CITY OF PADUCAH, KENTUCKY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

Section I – Summary of Auditor’s Results

1. The independent auditor’s report expresses an unmodified opinion on whether the financial statements of the City of Paducah, Kentucky were prepared in accordance with generally accepted accounting principles.
2. No significant deficiencies relating to the audit of the financial statements are reported. No material weaknesses relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of the City of Paducah, Kentucky, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No deficiencies relating to the audit of major federal award programs are reported. No material weaknesses relating to the audit of major federal award programs are reported.
5. The auditor’s report on compliance for the major federal award programs for the City of Paducah, Kentucky expresses an unmodified opinion on all major federal programs.
6. There are no findings to be reported in accordance with 2 CFR Section 200.516(a) in this schedule.
7. The programs tested as major programs included:

Name	CFDA
Section 8 Housing Choice Vouchers	14.871
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818

8. The threshold used for distinguishing Types A and B programs was \$750,000.
9. The City of Paducah, Kentucky did qualify to be audited as a low-risk auditee.

Section II – Findings – Financial Statements Audit

There are no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Awards Programs

There are no findings or questioned costs related to the major federal programs which are required to be reported in accordance with Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Award* (Uniform Guidance).

**CITY OF PADUCAH, KENTUCKY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024**

Section II – Findings – Financial Statements Audit

There are no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Awards Programs

There are no findings or questioned costs related to the major federal programs which are required to be reported in accordance with Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Award* (Uniform Guidance).