



CITY OF PADUCAH, KY

POPULAR ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

JUNE 30, 2024





Introduction

A MESSAGE FROM FINANCE

To the Citizens of Paducah:

We are pleased to present the Popular Annual Financial Report (PAFR) for the City of Paducah. This report is designed to provide a fundamental understanding of our city government, local economic conditions, and where our financial position stands. This report is presented in accordance with guidelines from the Government Finance Officers Association (GFOA) and was prepared using information for the fiscal year ended on June 30, 2024. According to the GFOA:

“The GFOA established the Popular Annual Financial Reporting Awards Program (PAFR Program) in 1991 to encourage and assist state and local governments to extract information from their annual comprehensive financial report to produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance and then to recognize individual governments that are successful in achieving that goal.”

The PAFR contains highlights from the City’s 2024 Annual Comprehensive Financial Report (ACFR), which is a more detailed audited document. The PAFR and ACFR are prepared in accordance with Generally Accepted Accounting Principles (GAAP). Copies of both reports are available by visiting the City’s website at paducahky.gov.

Sincerely,

<i>Jonathan Perkins, CPA</i>	<i>Audra Kyle, CPA</i>
Finance Director	Controller
City of Paducah	City of Paducah

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“Financial transparency is the bedrock of public trust, that public dollars entrusted to the City of Paducah are being used to benefit the community as a whole. By embracing financial transparency, the City of Paducah is showing its commitment to our citizens that we value their trust in us to be good financial stewards of the public’s dollars.”

- Daron Jordan, City Manager





About the City

The City provides a full range of municipal services including police and fire protection, refuse services, permitting and inspection services, construction and maintenance of streets and other infrastructure, recreational activities and cultural events, and general administrative services.

Location: Along the Ohio River below the mouth of the Tennessee River, Paducah is situated halfway between St. Louis, MO, and Nashville, TN, along Interstate-24.

Population: 27,137 (2020-U.S. Census Bureau)

Demographic: Median age 43.8; Median household income \$46,984; Median housing value \$152,600; Average household size 2.26 (<https://www.census.gov/quickfacts>)

Unemployment Rate: 4.9% for McCracken County. Rate for the State of Kentucky is 4.6%. (kystats.ky.gov)

Top Five Employers: Bon Secours Mercy Health, Inc., Baptist Healthcare Systems, Wal-Mart Associates, Inc., Paducah Board of Education, Baptist Health Medical Group

HISTORY

Paducah, originally known as Pekin, was settled around 1815. Settlers were attracted to the community due to its location at the confluence of the Ohio and Tennessee Rivers. Paducah was established in 1827 by explorer General William Clark, who platted out the town and named it in honor of the largest nation of Native Americans that ever roamed North America, the Padouca Indians.

Paducah thrived due to its port facilities along the waterways. It became the site of dry dock facilities for steamboats and towboats, and in turn, headquarters for various bargeline companies. Rail and locomotive components were also made in Paducah, ultimately contributing to a river and rail industrial economy.

Paducah now has an estimated population of 27,137. It is the only city in McCracken County and the largest city 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.

The City has received several awards over the past year, including:



GFOA Certificate of Excellence in Financial Reporting



Marinas.com Boaters' Choice Award



Arbor Day Foundation Tree City USA



Tennessee RiverLine Outstanding Program Award -Class 4

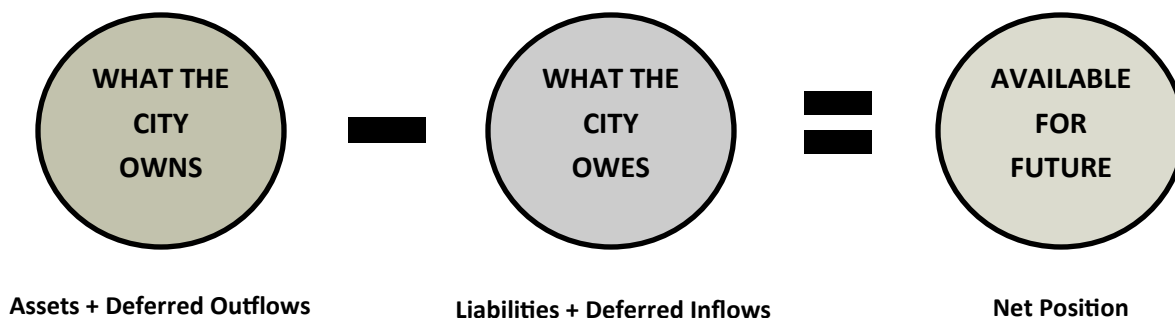


Government-wide Financials

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. *Component unit financial information is not disclosed in this report.*

Statement of Net Position

The Statement of Net Position represents the City’s assets and liabilities, deferred outflows and deferred inflows, and the resulting net position. Net position is the difference between what the City owns and what the City owes. The City’s Statement of Net Position for fiscal years ended June 30, 2022-2024 are shown below.



Governmental Activities Statement of Net Position History

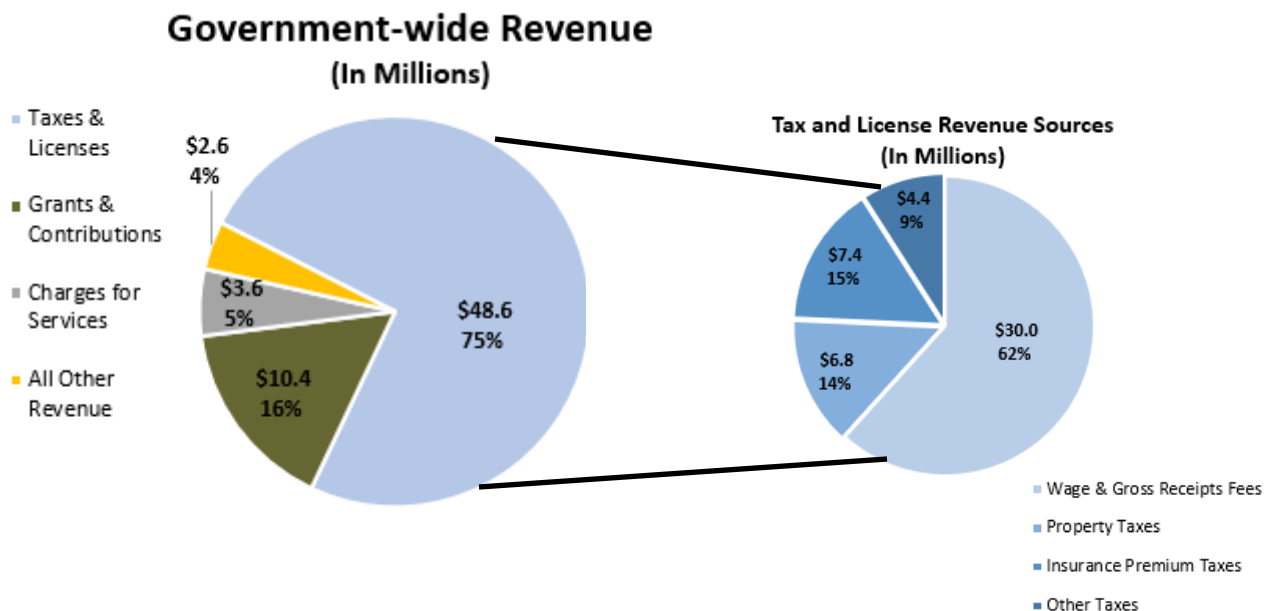
	2024	2023	2022
Assets	\$176,210,771	\$172,577,069	\$161,540,508
Deferred Outflows	\$14,157,378	\$17,920,396	\$18,713,567
Liabilities	\$109,665,593	\$138,922,650	\$130,956,053
Deferred Inflows	\$35,446,822	\$19,454,783	\$30,217,864
Total Net Position	\$45,255,734	\$32,120,032	\$19,080,158

The City’s net position is significantly affected by the inclusion of noncurrent liabilities/deferred inflows associated with its participation in the County Employee Retirement System (CERS). These pension and post-employment benefit obligations (OPEB) resulted in liabilities and deferred inflows totaling \$88.7 million in FY2024. However, the City’s governmental net position at June 30, 2024, increased over \$13.2 million from prior year. CERS and OPEB had favorable returns on investments this fiscal year, which lowered the City’s required pension expense and liability by over \$4 million. In addition, the City had a large number of capital outlays. Many of these were grant funded, including \$2.2 million in American Rescue Plan Act (ARPA) funds which were utilized for renovation of the Civic Center and storm water improvements.



Government-wide Financials

The Statement of Activities summarizes the City’s operations as a whole. As with most municipalities, the City’s governmental activities are heavily subsidized by taxes, with little or no program revenue for each function. The chart below demonstrates the significance of tax revenue to the City’s operations.



	2024	2023	Increase/ (Decrease)
Wages & Gross Receipts Fees	\$29,973,594	\$31,280,180	(\$1,306,586)
Grants & Contributions	\$10,371,460	\$11,801,835	(\$1,430,375)
Property Taxes	\$6,778,826	\$6,575,885	\$202,941
Insurance Premium Taxes	\$7,424,599	\$6,331,216	\$1,093,383
Other Taxes	\$4,449,033	\$4,547,198	(\$98,165)
Charges for Services	\$3,592,106	\$4,961,689	(\$1,369,583)
All Other Revenue	\$2,595,248	\$2,738,094	(\$142,846)

Total taxes and licenses decreased by only \$108 thousand. The \$1.3 million reduction in wage and gross receipt fees does not appear to be the result of a significant taxpayer or event, but rather the result of multiple entities having decreases from prior year. On the other hand, the offsetting \$1.1 million increase in insurance premium taxes did partially arise from two significant tax payments. It is unknown at this time as to whether they will be recurring payments.

Capital grants & contributions remain a major revenue category for FY2024 as the City continues to utilize ARPA and FEMA funds awarded in prior years. Many of these grant funded projects wrapped up in FY24, resulting in the decrease to revenue within that category from prior year.

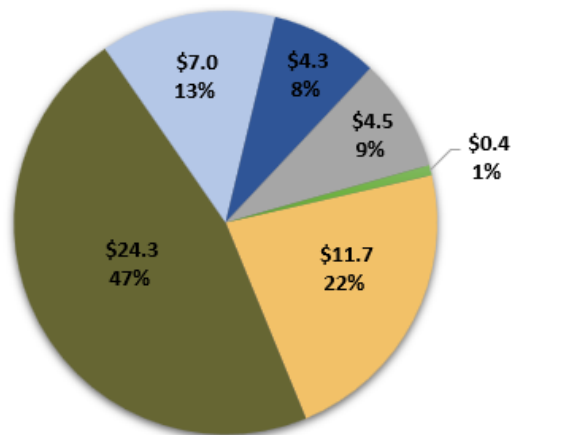
Charges for services revenue spiked in FY2023 due to a non-recurring settlement payment from a floodwall construction contractor.



Government-wide Financials

Governmental expenses are categorized by the functions or various services provided to its businesses, citizens, and visitors.

Governmental Expenses
(In Millions)



- General Government
- Public Safety
- Public Service
- Parks & Recreation
- Planning & Development
- Interest on long-term debt

General government includes expenses for administrative departments of the City such as Mayor and Commissioners, Human Resources, Finance, and Information Technology.

Public Safety expenses are related to providing Police protection and Fire protection and prevention.

Public Service includes maintenance of the City’s streets and facilities, engineering support services and administration of capital improvements, and floodwall protection.

Parks & Recreation includes administration of recreation programs & the City pool and maintenance of City grounds, including the Oak Grove Cemetery.

Planning & Development expenses are related to land use and development, long-range planning, housing, community development, and economic development.

	2024	2023	Increase/ (Decrease)
General Government	\$11,710,196	\$11,972,825	(\$262,629)
Public Safety	\$24,262,599	\$26,348,079	(\$2,085,480)
Public Service	\$6,965,473	\$7,431,587	(\$466,114)
Parks & Recreation	\$4,295,705	\$3,503,495	\$792,210
Planning & Development	\$4,559,675	\$5,845,326	(\$1,285,651)
Interest Expense	\$434,403	\$483,950	(\$49,547)

FY2024 expenses decreased from the prior year by approximately \$3.4 million.

- All functions had decreases in expense due to the pension/OPEB adjustments discussed in Statement of Net Position on page 4. Heavy personnel driven functions such as Public Safety saw the most significant decreases.
- Planning & development expenses decreased by \$1.3 million. This was partially due to a non-recurring contribution to the new terminal at the Barkley Regional Airport in the prior year.
- Parks & Recreation had a net increase in expense due to the City’s contribution to the Paducah Sports Park. Construction began in FY2024 and is expected to continue heavily in FY2025.



Governmental Fund Highlights

The governmental fund statements provide information on near-term inflows, outflows, and balances of spendable resources. Revenue is recorded when “measurable and available”, and expenditures are recorded when the services or goods are received and the liabilities are incurred.

Equity of the fund financial statements is called “fund balance” and is a measure of available spendable financial resources at the end of the year. The five different categories of fund balances are described and analyzed below.

Fund Balance Definitions:

Nonspendable fund balance

includes amounts that are not in a spendable form or are required to be maintained intact indefinitely. **Example:** real property held in inventory for urban development.

Restricted fund balance

has external limitations on use that may be imposed by creditors, grantors, contributors, or laws and regulations. **Example:** municipal aid funds restricted for paving by the State of Kentucky.

Committed fund balance

has self-imposed limitations enacted by the highest level of decision making that requires formal action to remove the limitations.

Example: Investment Fund fund balance committed for capital and community & economic development

Assigned fund balance

has limitations resulting from intended use; formal action is not required.

Unassigned fund balance is the total fund balance in the General Fund in excess of the other fund balance categories.

**Fund Balance History
Governmental Funds**



- The unassigned category within the total fund balance has increased over the last three years, from \$24.3 million to \$31.5 million at FYE 2024.
 - ◊ Unassigned fund balance makes up approximately 51% of total fund balance and is all 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 \$26.5 million was available as General Fund cash. City policy requires that an amount not less than 10% of the General Fund’s budgeted expenditures remain undesignated in the fund balance. For FY2024, that amount is \$4.7 million, leaving \$21.8 million as unreserved.
 - ◊ As a measure of General Fund liquidity, readers may compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance in the General Fund represents 56% of final appropriations for FY2024. This translates to 204 days of General Fund expenditures (including interfund transfers).
- Overall fund balance decreased due to the utilization of carryover balances from the prior year in both the Bond Fund and General Capital Improvements Fund. Projects include dog park relocation, radio system replacement, and pickleball courts to name a few. See



Governmental Fund Highlights

General Fund

The General Fund is the chief operating fund of the City. The activities paid through this fund constitute the City’s core administrative and operational tasks. Because its accounting method (modified accrual) focuses on near-term inflows and outflows, the General Fund’s fund statements provide a look at the City’s day-to-day operations. General fund expenditures by category are listed below.

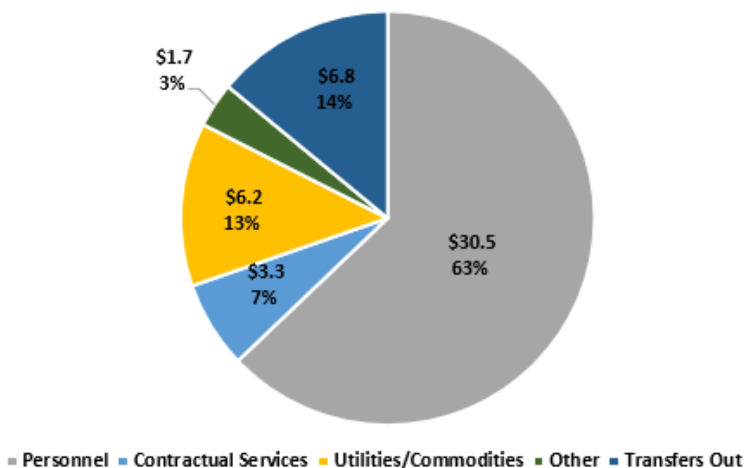
	2024	2023	Increase/ (Decrease)
Personnel	\$30,460,103	\$28,935,383	\$1,524,720
Contractual Services	\$3,295,708	\$5,522,424	(\$2,226,716)
Utilities/Commodities	\$6,173,299	\$6,101,971	\$71,328
Other	\$1,718,479	\$1,373,522	\$344,957
Transfers Out	\$6,804,942	\$6,771,946	\$32,996

Transfers out can fluctuate due to specific appropriations to the Capital Projects Fund. Transfers out for both FY23 and FY24 include ARPA funds (\$3.9 million and \$2.2 million, respectively) that were transferred to the General Capital Improvement Fund for storm water improvements and other designated capital projects. Other transfers out are more routine in nature, such as the annual appropriation to cover the shortfall in the E911 operations fund or scheduled transfers to the debt service fund for debt service payments.

The decrease in contractual services is due to a one-time adjustment to contractual services in FY2023 in the amount of \$2.4 million for the implementation of a new governmental accounting standard concerning the recognition of certain subscription-based information technology arrangements.

Most all activities of the City are service-based. Therefore a large majority of the City’s budget is for personnel and related benefits. As in the private sector, those costs continue to increase annually, and the increase of \$1.5 million in FY2024 is consistent with prior years. The chart displays the significance of these costs to the General Fund.

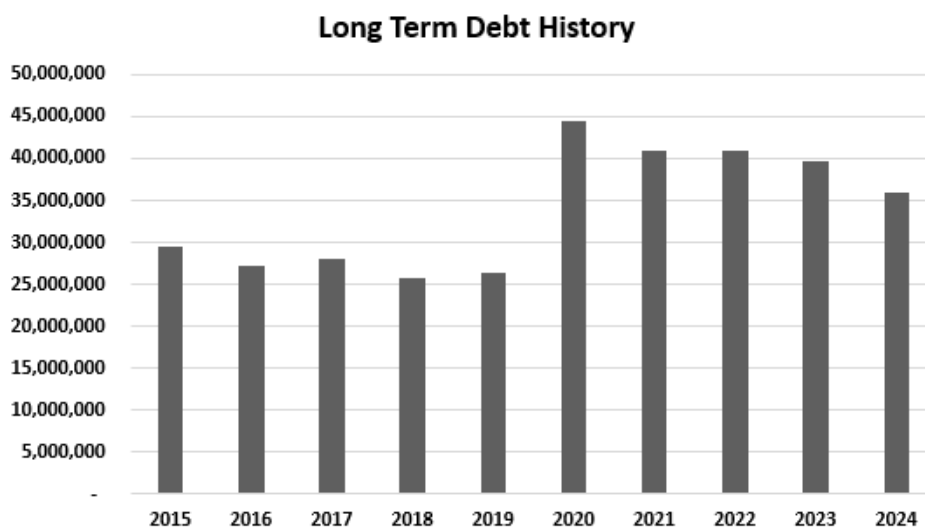
General Fund Expenditures by Category
(In Millions)



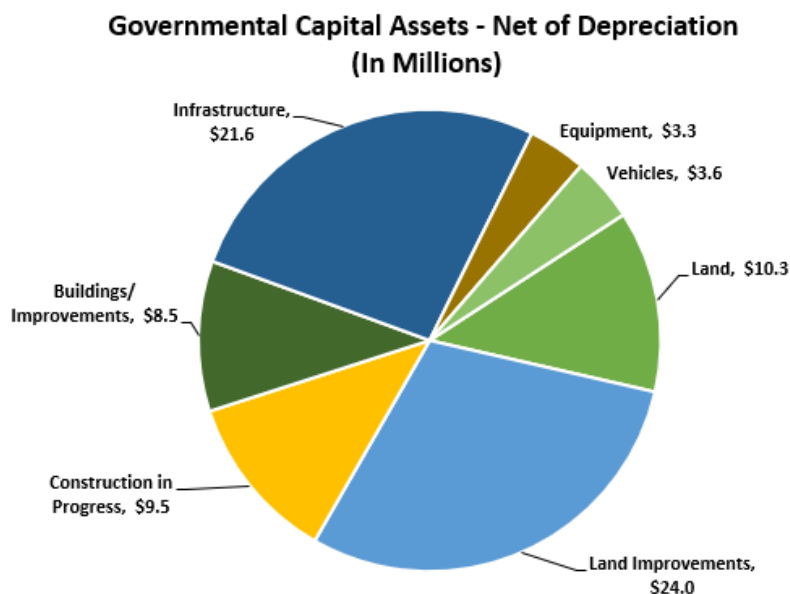


Debt Analysis/Capital Assets

The total governmental long-term debt outstanding (bonds and notes payable) at June 30, 2024, was \$35.9 million. Below is a 10-year graphical illustration of the City’s total governmental long-term debt, net of discounts and premiums. In FY2020, the City issued general obligation bonds of \$20.5 million to finance the construction of a municipal sports and recreation facility.



The City’s net position invested in capital assets for governmental activities as of June 30, 2024, is \$72.6 million (net of accumulated depreciation and related debt.) This investment in capital assets includes land, buildings & improvements, vehicles & equipment, park facilities, roads & bridges, and construction in progress (CIP).



During fiscal year 2024, project and equipment additions totaled over \$11.5 million. Multiple projects totaling \$9.5 million remained in construction in progress at year-end.

Major additions for the year include:

- Dog Park Relocation
- Civic Center Renovation
- Radio Communication Upgrade (CIP)
- Floodwall Flap Gates (CIP)
- City Block Public Space/Parking Lot
- Riverfront Infrastructure Improvements (CIP)



Benchmarks

How do we compare? Below, Paducah is compared to Hopkinsville, Kentucky, and Owensboro, Kentucky. Per Capita is defined as the total dollar value divided by the population of each city. For example, Debt per Capita is the total bonded indebtedness divided by the population. This calculation allows the debt of each city to be easily compared based on population.

GENERAL COMPARISONS			
	Paducah ¹	Hopkinsville, KY ²	Owensboro, KY ³
Population	27,137	30,374	60,183
Total taxable assessed real estate value	\$2,311,620,111	\$2,399,636,484	\$4,134,210,192
Real estate tax rate ⁴	.256	.209	.264
Land area (square miles)	20.78	31.96	21.66
Unemployment rate ⁵	4.9%	5.2%	5.2%
General Fund revenues	\$49,533,953	\$43,645,296	\$73,922,069
Total governmental funds—revenue per capita	\$2,402	\$1,693	\$1,679
Total governmental funds—expenditure per capita	\$2,484	\$1,921	\$1,664

DEBT COMPARISONS			
	Paducah ¹	Hopkinsville, KY ²	Owensboro, KY ³
Total outstanding debt—primary government	\$35,904,467	\$53,085,513	\$141,226,689
Debt per capita	\$1,323	\$1,748	\$2,346
Total outstanding debt as a percentage of assessed taxable real estate	1.6%	2.21%	3.42%

¹FY2024 Annual Comprehensive Financial Report (ACFR).

²FY2024 ACFR (year ended June 30, 2024)

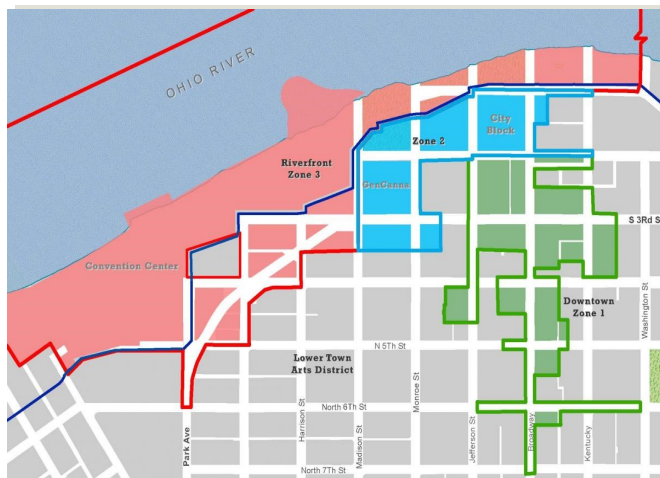
³FY2024 ACFR (year ended June 30, 2024)

⁴Real Estate Tax Rates are per \$100 of assessed value.

⁵Source: US Dept of Labor, Local Area Unemployment Statistics for Cities & Towns above 25,000 Population (rates for June 2024)



Items of Interest



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. Once activated, 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

The City is partnering with McCracken County and the McCracken Sports Tourism Commission (STC) in the design and construction of outdoor recreation facilities. The design includes five rectangular fields and four diamond-shaped fields that can be configured in a variety of ways and sizes. These multi-use synthetic turf fields can incorporate soccer, baseball, softball, rugby, or football. Other design features include a memorial complex to Dr. Stuart Nelson, shelter and restroom facilities, concession facilities, picnic and playground areas, and a significant amount of parking. This \$70 million project is scheduled to open Fall 2025. With an expectation of holding 35-40 tournaments per year, the STC estimates that the facility could generate a local economic impact of approximately \$130 million in its first five years of use.



Paducah Riverfront Park

The City has been awarded a \$10.4 million BUILD grant which will be used to create new opportunities for tourism, recreation and commerce along the Ohio riverfront. This project will include a riverboat excursion pier and plaza, providing a safer and easier transition from boat to land, as well as allow for more secure riverboat dockings and move the disembarkation point out of the flow of traffic at the



foot of Broadway. The project also includes connecting sidewalks from the floodwall to the Greenway Trail and the development of a multi-use path to aid in the movement of pedestrian/bike traffic from the Convention Center to downtown. Other amenities including: intersection improvements, wayfinding, shelters, and enhanced greenspace, will provide a more enjoyable experience for visitors moving between the river and downtown. This transformative project is scheduled to be completed in 2027.

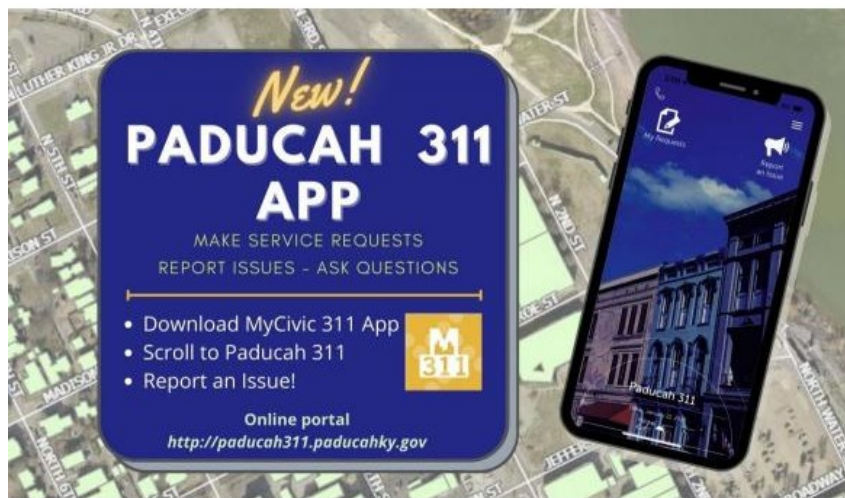


City Contact Info

City Hall
 300 South 5th Street
 P.O. Box 2267
 Paducah, KY 42002-2267

Hours: 8 a.m.- 4:30 p.m.

270-444-8800 (General Information & Customer Experience Department)



Business License/Payroll Tax
 270 444-8513

Code Enforcement
 270-444-8522

Communications Manager
 270-444-8669

Garbage Collection/Recycling
 270-444-8511

Parks & Recreation
 270-444-8508

Fire Department
 270-444-8521

Police Department
 270-444-8550

Human Resources
 270-444-8540

Planning
 270-444-8690

Enews List

Do you want to stay engaged and informed about City of Paducah events, projects, and news releases?

Sign up for updates!

Visit: www.paducahky.gov/enews-list

City Commission Meetings

The Paducah Board of Commissioners meets the second and fourth Tuesdays of each month (unless otherwise noted) at 5 p.m. in the Commission Chambers of City Hall. The general public is invited to attend. The meetings are aired live on Government 11 (for Comcast subscribers) and tape replayed.

Additional information such as Commission minutes, packets, and highlights maybe obtained at:

www.paducahky.gov/city-commission-meeting-information