

**CITY OF PAINTSVILLE, KENTUCKY**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2025**



**WELLS & COMPANY, P.S.C.**

*Certified Public Accountants*

865 South Mayo Trail  
Paintsville, Kentucky 41240-1215

(606) 789-3588

Fax (606) 789-3326

**TABLE OF CONTENTS**

	<u>Page No.</u>
INDEPENDENT AUDITOR’S REPORT.....	1
<b>AUDITED FINANCIAL STATEMENTS</b>	
Statement Of Net Position.....	4
Statement Of Activities.....	5
Balance Sheet.....	6
Reconciliation Of The Balance Sheet Of Governmental Funds To The Statement Of Net Position .....	7
Statement Of Revenues, Expenditures, And Changes In Fund Balances.....	8
Reconciliation Of The Statement Of Revenues, Expenditures, And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities.....	9
Statement Of Net Position – Proprietary Fund.....	10
Statement Of Revenues, Expenses And Changes In Net Position – Proprietary Fund .....	12
Statement Of Cash Flows – Proprietary Fund.....	13
Statement Of Fiduciary Net Position .....	15
Statement Of Changes In Fiduciary Net Postion .....	16
Notes To Financial Statements.....	17-40
<b>AUDITOR’S REPORTS</b>	
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 <i>Government Auditing Standards</i> .....	41
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule – General Fund .....	43
Budgetary Comparison Schedule – Tourism Fund .....	47
Schedule Of The City’s Proportionate Share Of The Net Pension Liability (CERS).....	49
Schedule Of City Pension Contributions (CERS).....	50

Schedule Of The City’s Proportionate Share Of The Net OPEB Liability (CERS).....	51
Schedule Of City OPEB Contributions (CERS).....	52
Notes To Required Supplementary Information (CERS).....	53

**SUPPLEMENTARY AND OTHER INFORMATION**

Combining Balance Sheet – Non-Major Funds .....	57
Combining Statement Of Revenues, Expenditures, And Changes In Fund Balances – Non-Major Funds .....	58



**WELLS & COMPANY, P.S.C.**

*Certified Public Accountants*

865 South Mayo Trail  
Paintsville, Kentucky 41240-1215

(606) 789-3588

Fax (606) 789-3326

## INDEPENDENT AUDITOR'S REPORT

The Honorable Bill Mike Runyon, Mayor  
Members of the City Council  
City of Paintsville, 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, each major fund, and the aggregate remaining fund information of the City of Paintsville, 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 Paintsville, 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, each major fund, and the aggregate remaining fund information of the City of Paintsville, Kentucky, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***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 Paintsville, Kentucky and to meet our other 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 the 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 Paintsville, 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.

***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 judgment 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 judgment 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 Paintsville, 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 Paintsville, 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***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 43-48 and the County Employees' Retirement System's Schedules of the Proportionate Share of the Net Position Liability and Contributions, on pages 49 and 50, respectively, and the County Employees' Retirement System's Schedules of the Proportionate Share of the Net OPEB Liability and Contributions, on pages 51 and 52, respectively, be presented to supplement the basic financial statements. Such information, 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 the 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 Paintsville, Kentucky's basic financial statements. The combining and individual non-major fund financial statements 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 combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2025 on our consideration of the City of Paintsville, 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 solely 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 Paintsville, 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 the City of Paintsville, Kentucky's internal control over financial reporting and compliance.

*Wells & Company, PSC*

Certified Public Accountants  
Paintsville, Kentucky  
December 8, 2025

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

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,700,872	\$ 7,521,414	\$ 14,222,286
Certificates of deposit	107,563	3,022,027	3,129,590
Taxes receivable	131,415	-	131,415
Accounts receivable	782,929	1,025,122	1,808,051
Lease receivable	183,901	-	183,901
Grants receivable	-	-	-
Other receivable	15,757	-	15,757
Due from Paintsville Utilities	75,203	-	75,203
Unbilled revenues	-	393,730	393,730
Inventory	-	330,254	330,254
Prepaid items	23,242	13,480	36,722
Capital assets:			
Land and construction-in-progress	4,682,252	8,357,293	13,039,545
Other capital assets, net of accumulated depreciation	7,569,278	76,583,019	84,152,297
<b>Total Assets</b>	<b>20,272,412</b>	<b>97,246,339</b>	<b>117,518,751</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred outflows related to pensions & OPEB	1,548,828	813,525	2,362,353
<b>LIABILITIES</b>			
Accounts payable	264,201	541,789	805,990
Retainage payable	-	287,741	287,741
Accrued payroll taxes	54,951	34,546	89,497
Accrued vacation	82,516	80,514	163,030
Other accrued liabilities	151,285	624,756	776,041
Customer meter deposits payable	-	347,127	347,127
Interest payable on customer meter deposits	-	166,957	166,957
Long-term liabilities:			
Net pension and OPEB liability	6,244,735	3,810,908	10,055,643
Due within one year	133,202	1,234,850	1,368,052
Due in more than one year	1,859,628	32,273,559	34,133,187
<b>Total Liabilities</b>	<b>8,790,518</b>	<b>39,402,747</b>	<b>48,193,265</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred inflows related to pensions & OPEB	2,488,136	1,625,347	4,113,483
Deferred inflows related to lease	183,901	-	183,901
<b>Total deferred inflows of resources</b>	<b>2,672,037</b>	<b>1,625,347</b>	<b>4,297,384</b>
<b>NET POSITION</b>			
Net investment in capital assets	10,258,700	51,431,903	61,690,603
Restricted for:			
Public safety	3,820	-	3,820
Streets	86,367	-	86,367
Tourism	543,188	-	543,188
Debt service	79,967	968,384	1,048,351
Equipment replacement	-	724,486	724,486
Depreciation	-	1,232,340	1,232,340
Other purposes	414,382	835,388	1,249,770
Unrestricted (deficit)	(1,027,739)	1,839,269	811,530
<b>Total Net Position</b>	<b>\$ 10,358,685</b>	<b>\$ 57,031,770</b>	<b>\$ 67,390,455</b>

See accompanying notes to basic financial statements.

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

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
<b>Governmental activities:</b>							
General government	\$ 1,071,201	\$ 121,947	\$ 19,684	\$ -	\$ (929,570)	\$ -	\$ (929,570)
Public safety	4,165,204	2,476,748	96,352	-	(1,592,104)	-	(1,592,104)
Recreation	1,050,531	326,712	-	-	(723,819)	-	(723,819)
Streets	731,000	-	-	-	(731,000)	-	(731,000)
Sanitation	768,264	885,181	-	-	116,917	-	116,917
Tourism	1,080,389	112,582	-	-	(967,807)	-	(967,807)
Interest on long-term debt	53,234	-	-	-	(53,234)	-	(53,234)
Total governmental activities	<u>8,919,823</u>	<u>3,923,170</u>	<u>116,036</u>	<u>-</u>	<u>(4,880,617)</u>	<u>-</u>	<u>(4,880,617)</u>
<b>Business-type activities:</b>							
Water, gas, and sewer	<u>11,254,282</u>	<u>10,698,663</u>	<u>-</u>	<u>2,061,723</u>	<u>-</u>	<u>1,506,104</u>	<u>1,506,104</u>
Total business-type activities	<u>11,254,282</u>	<u>10,698,663</u>	<u>-</u>	<u>2,061,723</u>	<u>-</u>	<u>1,506,104</u>	<u>1,506,104</u>
<b>Total primary government</b>	<u>\$ 20,174,105</u>	<u>\$ 14,621,833</u>	<u>\$ 116,036</u>	<u>\$ 2,061,723</u>	<u>(4,880,617)</u>	<u>1,506,104</u>	<u>(3,374,513)</u>
<b>General revenues:</b>							
Property taxes					648,209	-	648,209
Occupational taxes					2,761,028	-	2,761,028
Insurance premium taxes					653,723	-	653,723
Motor vehicle taxes					39,845	-	39,845
Restaurant taxes					1,019,361	-	1,019,361
Room occupancy taxes					110,910	-	110,910
Franchise fees and taxes					216,902	-	216,902
Payments in lieu of taxes					35,946	-	35,946
ABC fees					199,839	-	199,839
Licenses and permits					1,904	-	1,904
Intergovernmental revenue					344,576	-	344,576
Interest income					28,616	348,920	377,536
Gain/(Loss) on sale of capital assets					6,000	212,999	218,999
Donation/contributions					74,671	-	74,671
Miscellaneous					345,334	-	345,334
Total general revenues and transfers					<u>6,486,864</u>	<u>561,919</u>	<u>7,048,783</u>
Change in net position					1,606,247	2,068,023	3,674,270
Net position - beginning, as restated					<u>8,752,438</u>	<u>54,963,747</u>	<u>63,716,185</u>
Net position - ending					<u>\$ 10,358,685</u>	<u>\$ 57,031,770</u>	<u>\$ 67,390,455</u>

See accompanying notes to basic financial statements.

**CITY OF PAINTSVILLE, KENTUCKY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2025**

	<u>General Fund</u>	<u>Paintsville Tourism Commission</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,958,665	\$ 496,403	\$ 245,804	\$ 6,700,872
Certificate of deposit	-	107,563	-	107,563
Receivables:				
Property taxes	2,961	-	-	2,961
Accounts	782,929	-	-	782,929
Other	15,757	-	-	15,757
Due from Paintsville Utilities	75,203	-	-	75,203
Due from Tourism Fund	29,697	-	-	29,697
Prepaid	23,242	-	-	23,242
	<u>6,888,454</u>	<u>603,966</u>	<u>245,804</u>	<u>7,738,224</u>
Total Assets	<u>\$ 6,888,454</u>	<u>\$ 603,966</u>	<u>\$ 245,804</u>	<u>\$ 7,738,224</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 216,939	\$ 19,226	\$ 28,036	\$ 264,201
Accrued payroll taxes	51,480	3,471	-	54,951
Accrued vacation	68,835	8,384	5,297	82,516
Accrued retirement	74,212	-	-	74,212
Other accrued liabilities	6,818	-	-	6,818
Due to General Fund	-	29,697	-	29,697
	<u>418,284</u>	<u>60,778</u>	<u>33,333</u>	<u>512,395</u>
Total Liabilities	<u>418,284</u>	<u>60,778</u>	<u>33,333</u>	<u>512,395</u>
<b>Fund Balances:</b>				
Restricted for:				
Public Safety	3,820	-	-	3,820
Streets	-	-	86,367	86,367
Tourism	-	543,188	-	543,188
Debt Service	79,967	-	-	79,967
Other	288,278	-	126,104	414,382
Unassigned	6,098,105	-	-	6,098,105
	<u>6,470,170</u>	<u>543,188</u>	<u>212,471</u>	<u>7,225,829</u>
Total Fund Balances	<u>6,470,170</u>	<u>543,188</u>	<u>212,471</u>	<u>7,225,829</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 6,888,454</u></u>	<u><u>\$ 603,966</u></u>	<u><u>\$ 245,804</u></u>	<u><u>\$ 7,738,224</u></u>

See accompanying notes to basic financial statements.

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

<b>Fund Balances - Total Governmental Funds</b>	<b>\$ 7,225,829</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	
Governmental capital assets	24,778,487
Less: accumulated depreciation	(12,526,957)
Pension & OPEB contributions after measurement date are reported as a deferred outflow of resources:	711,182
Other OPEB related accruals	(50,638)
Net pension & net OPEB liability is not due and payable in the current period and, therefore, is not reported in governmental funds:	(6,244,735)
Deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are not reported in the governmental funds, as follows:	
Deferred pension & OEPB outflows of resources	837,646
Deferred pension & OPEB inflows of resources	(2,488,136)
Deferred lease inflow of resources	(183,901)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bond payable	(1,875,000)
Bond premium	(30,394)
Loans payable	(87,436)
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet.	(19,617)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Lease revenue	183,901
Delinquent property taxes	128,454
<b>Net Position of Governmental Activities</b>	<b><u>\$ 10,358,685</u></b>

See accompanying notes to basic financial statements.

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

	General Fund	Paintsville Tourism	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes:				
Property	\$ 625,114	\$ -	\$ -	\$ 625,114
Occupational	2,761,028	-	-	2,761,028
Insurance premium	653,723	-	-	653,723
Motor vehicle	39,845	-	-	39,845
Franchise	177,664	-	-	177,664
Restaurant	-	1,019,361	-	1,019,361
Room occupancy	-	110,910	-	110,910
Payments in lieu of taxes	35,946	-	-	35,946
ABC fees	199,839	-	-	199,839
Franchise fees	39,238	-	-	39,238
Licenses and permits	1,904	-	-	1,904
Intergovernmental revenues	210,736	-	133,840	344,576
Grants	116,036	-	-	116,036
Charges for services	3,378,464	112,582	432,124	3,923,170
Interest income	27,195	1,416	5	28,616
Contributions	74,671	-	-	74,671
Miscellaneous revenues	166,933	24,875	-	191,808
<b>Total revenues</b>	<b>8,508,336</b>	<b>1,269,144</b>	<b>565,969</b>	<b>10,343,449</b>
<b>Expenditures:</b>				
Current:				
General government	1,107,180	-	-	1,107,180
Public safety	3,832,146	-	548,686	4,380,832
Recreation	965,165	-	10,000	975,165
Streets	601,814	-	6,695	608,509
Sanitation	756,644	-	-	756,644
Tourism	-	962,411	-	962,411
Debt service:				
Principal	139,388	15,532	-	154,920
Interest	56,549	3,688	-	60,237
<b>Capital outlay</b>	<b>1,593,223</b>	<b>29,780</b>	<b>148,316</b>	<b>1,771,319</b>
<b>Total expenditures</b>	<b>9,052,109</b>	<b>1,011,411</b>	<b>713,697</b>	<b>10,777,217</b>
Excess of revenues over (under) expenditures	(543,773)	257,733	(147,728)	(433,768)
<b>Other financing sources (uses):</b>				
Operating transfers in	360,001	-	-	360,001
Operating transfers out	-	(360,001)	-	(360,001)
Proceeds from insurance	153,526	-	-	153,526
Proceeds from sale of capital assets	6,000	-	-	6,000
Intragovernmental forgiveness of debt	(101,113)	-	101,113	-
<b>Total other financing sources (uses)</b>	<b>418,414</b>	<b>(360,001)</b>	<b>101,113</b>	<b>159,526</b>
Net change in fund balances	(125,359)	(102,268)	(46,615)	(274,242)
Fund balances - beginning, as restated	6,595,529	645,456	259,086	7,500,071
<b>Fund balances - ending</b>	<b>\$ 6,470,170</b>	<b>\$ 543,188</b>	<b>\$ 212,471</b>	<b>\$ 7,225,829</b>

See accompanying notes to basic financial statements.

**CITY OF PAINTSVILLE, 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** **\$ (274,242)**

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

Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Capital asset purchases capitalized	1,771,319
Depreciation expense	(733,599)

The net effect of various miscellaneous transactions involving capital assets: -

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:

Increase/(decrease) in property taxes	23,095
---------------------------------------	--------

Changes in pension & OPEB expense are reported only in the statement of activities 657,751

In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds, interest is not reported until due. This amount represents the net change in accrued interest payable. 1,271

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Principal paid	154,920
Loan proceeds	-
Amortization of bond premium	<u>5,732</u>

**Change in Net Position of Governmental Activities** **\$ 1,606,247**

See accompanying notes to basic financial statements.

**CITY OF PAINTSVILLE, KENTUCKY  
STATEMENT OF NET POSITION  
PROPRIETARY FUND - PAINTSVILLE UTILITIES  
JUNE 30, 2025**

**ASSETS**

**Current assets:**

Cash and cash equivalents	\$ 6,231,343
Accounts receivable, net	1,025,122
Unbilled revenues	393,730
Inventory	330,254
Prepaid items	<u>13,480</u>

**Total current assets** 7,993,929

**Non-current assets:**

**Restricted assets:**

<b>Cash and cash equivalents:</b>	
Bond and interest sinking fund	700,860
Depreciation reserve fund	412,835
Equipment replacement fund	176,376
<b>Investments:</b>	
Bond and interest sinking fund	819,024
Depreciation reserve fund	819,505
Equipment replacement fund	548,110
Operations and maintenance	<u>835,388</u>

**Total restricted assets** 4,312,098

**Capital assets:**

Land and land improvements	1,365,397
Construction work in progress	6,991,896
Capital assets, net of depreciation	<u>76,583,019</u>

**Total capital assets** 84,940,312

**Total assets** 97,246,339

**DEFERRED OUTFLOWS**

Deferred outflows related to pensions	637,271
Deferred outflows related to OPEB	<u>176,254</u>

**Total deferred outflows of resources** 813,525

CITY OF PAINTSVILLE, KENTUCKY  
STATEMENT OF NET POSITION (Continued)  
PROPRIETARY FUND - PAINTSVILLE UTILITIES  
JUNE 30, 2025

**LIABILITIES**

**Current liabilities:**

Accounts payable	541,789
Retainage payable	287,741
Compensated absences	80,514
Accrued interest payable	377,935
Other accrued liabilities	281,367
Current portion of long-term liabilities	<u>683,350</u>

**Total current liabilities** 2,252,696

**Payable from restricted assets:**

Current portion of bonds	551,500
Customer meter deposits	347,127
Interest payable on customer meter deposits	<u>166,957</u>

**Total liabilities payable from restricted assets** 1,065,584

**Long-term liabilities:**

Net pension and OPEB liability	3,810,908
Bonds payable, net of premium	26,976,500
Notes payable	5,132,313
Leases payable	751,954
Unamortized bond premium	<u>647,642</u>

37,319,317

Less current portion (1,234,850)

**Total long-term liabilities** 36,084,467

**Total liabilities** 39,402,747

**DEFERRED INFLOWS**

Deferred inflows related to pensions	509,840
Deferred inflows related to OPEB	<u>1,115,507</u>

**Total deferred inflows of resources** 1,625,347

**NET POSITION:**

Net investment in capital assets	51,431,903
Restricted	
Debt service	968,384
Depreciation	1,232,340
Equipment replacement	724,486
Operations and maintenance	835,388
Unrestricted	<u>1,839,269</u>

**Total net position** \$ 57,031,770

See accompanying notes to basic financial statements.

**CITY OF PAINTSVILLE, KENTUCKY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUND - PAINTSVILLE UTILITIES  
FOR THE YEAR ENDED JUNE 30, 2025**

12

<b>Operating revenues:</b>	
Gas revenues	\$ 2,496,017
Water revenues	5,279,180
Wastewater revenues	2,483,347
Other operating revenues	<u>440,119</u>
<b>Total operating revenues</b>	<b>10,698,663</b>
Cost of sales	<u>852,153</u>
<b>Net operating revenues</b>	<b><u>9,846,510</u></b>
<b>Operating expenses:</b>	
Salaries and wages	2,347,690
Payroll taxes	183,115
Employee pension and benefits	990,702
Materials and supplies	514,744
Legal and professional	150,950
Miscellaneous general expense	609,640
Telephone and utilities	924,610
Insurance	166,224
Motor vehicle expenses	118,193
Repairs and maintenance	434,851
Depreciation	<u>3,013,791</u>
<b>Total operating expenses</b>	<b><u>9,454,510</u></b>
<b>Utility operating income (loss)</b>	<b><u>392,000</u></b>
<b>Non-operating revenues (expenses):</b>	
Interest income	348,920
Interest expense	<u>(872,948)</u>
<b>Total non-operating revenues (expenses)</b>	<b><u>(524,028)</u></b>
<b>Net income (loss) before contributions from (to)</b>	<b>(132,028)</b>
Contributions in aid of construction	2,061,723
Gain on sale of equipment	212,999
Contribution to the City of Paintsville	<u>(74,671)</u>
Change in net position	2,068,023
Net position, beginning of year	<u>54,963,747</u>
<b>Net position, end of year</b>	<b><u>\$ 57,031,770</u></b>

See accompanying notes to basic financial statements.

**CITY OF PAINTSVILLE, KENTUCKY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND - PAINTSVILLE UTILITIES  
FOR THE YEAR ENDED JUNE 30, 2025**

13

**Cash flows from operating activities:**

**Cash inflows:**

Payments received from customers \$ 10,475,105

**Total cash provided** 10,475,105

**Cash outflows:**

Payments for salaries and benefits 4,291,124

Payments to suppliers for goods and services 3,024,441

**Total cash used** 7,315,565

**Net cash provided (used) by operating activities** 3,159,540

**Cash flows from noncapital financing activities:**

Interest paid on customer deposits (211)

**Net cash provided (used) by noncapital financing activities** (211)

**Cash flows from capital and related financing activities:**

Purchase and construction of utility plant (8,049,070)

Proceeds from sale of assets 219,294

Proceeds from loans and bonds 8,148,985

Principal payments on long-term debt (991,319)

Payments on capital leases (227,072)

Interest paid on long-term debt and capital leases (780,143)

Contributions-in-aid of construction 1,268,116

**Net cash provided (used) by capital and related financing activities** (411,209)

**Cash flows from investing activities:**

Investments purchased 2,234,000

Investments matured (2,234,000)

Interest received 235,792

**Net cash provided (used) by investing activities** 235,792

**Net cash inflow (outflow) from all activities**

2,983,912

Cash and cash equivalents at beginning of period 4,537,502

**Cash and cash equivalents at end of period** \$ 7,521,414

See accompanying notes to basic financial statements.

**CITY OF PAINTSVILLE, KENTUCKY  
 STATEMENT OF CASH FLOWS - PROPRIETARY FUND (Continued)  
 FOR THE YEAR ENDED JUNE 30, 2025**

**Reconciliation of utility operating income to net cash provided by  
 operating activities:**

Utility operating income	\$ 392,000
Depreciation and amortization	3,013,791
Bond issue costs	203,588
Contribution of utility services	(74,671)
(Increase) decrease in:	
Accounts receivable	(103,755)
Unbilled revenue	(45,132)
Inventory	16,516
Other assets and deferred outflows	186,544
Increase (decrease) in:	
Accounts payable	334,169
Accrued liabilities and other liabilities	<u>(763,510)</u>
<b>Net cash provided (used) by operating activities</b>	<b><u><u>\$ 3,159,540</u></u></b>

**Schedule of cash and cash equivalents:**

**Beginning of period:**

Unrestricted cash and cash equivalents	\$ 3,489,847
Restricted cash and cash equivalents	<u>1,047,655</u>
	<b><u><u>\$ 4,537,502</u></u></b>

**End of period:**

Unrestricted cash and cash equivalents	\$ 6,231,343
Restricted cash and cash equivalents	<u>1,290,071</u>
	<b><u><u>\$ 7,521,414</u></u></b>

See accompanying notes to basic financial statements.

**CITY OF PAINTSVILLE, KENTUCKY  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2025**

	<u><b>Custodial Fund</b></u>
<b>ASSETS</b>	
Due from General Fund	<u>\$ -</u>
Total Assets	<u>-</u>
<b>LIABILITIES</b>	
Due to Paintsville Independent School District	<u>-</u>
Total Liabilities	<u>-</u>
<b>NET POSITION</b>	
Restricted for: Paintsville Independent School District	<u>-</u>
Total Net Position	<u><u>\$ -</u></u>

See accompanying notes to basic financial statements.

**CITY OF PAINTSVILLE, KENTUCKY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2025**

	<u><b>Custodial Fund</b></u>
<b>Additions:</b>	
Property and franchise taxes collected for Paintsville Independent School District	<u>\$ 2,491,906</u>
Total additions	<u>2,491,906</u>
<b>Deductions:</b>	
Payments of property and franchise taxes to Paintsville Independent School District	<u>2,491,906</u>
Total deductions	<u>2,491,906</u>
Change in net position	-
Net position, beginning of year	<u>-</u>
<b>Net position, end of year</b>	<u><u>\$ -</u></u>

See accompanying notes to basic financial statements.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Narrative Profile**

The City of Paintsville, Kentucky (the City) operates under a Home Rule Charter adopted on February 24, 1834. The City operates under Council-Mayor form of government and provides the following service as authorized by its charter: public safety, highway and street, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of the City of Paintsville, Kentucky have been prepared in conformity with the accounting principles generally accepted in the United States of America as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

**A. Financial Reporting Entity**

As required by the accounting principles generally accepted in the United States of America, these financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable.

**Blended Component Units:**

**Paintsville Utilities Commission**

Created to provide gas, water, and wastewater services to residents and businesses within the boundaries of the City and other areas of Johnson County, Martin County, and Floyd County, Kentucky. The governing body is composed of commissioners appointed by the City Council. Financial information for the Commission is reported as part of the primary government as a component unit under the blending method.

Paintsville Utilities  
137 Main Street  
Paintsville, Kentucky 41240

**Paintsville Tourism Commission**

Created to promote tourism in Paintsville and Johnson County, Kentucky. The governing body is composed of commissioners appointed by the Mayor. Financial information for the Commission is reported as part of the primary government as a component unit under the blending method.

Complete financial statements for the Paintsville Utilities Commission may be obtained at the entity's administrative offices. The Paintsville Tourism Commission does not issue separate financial statements.

**Excluded From Entity**

The accounts of the Housing Authority of Paintsville, Kentucky are excluded from the accompanying financial statements because the Authority is an autonomous agency which has a self elected Board of Directors responsible for its operations and the hiring of its director. The City presently provides meeting facilities and periodically contributes to the Authority's operations; however, the City has no responsibility for financing deficits.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Government-wide and Fund Financial Statements**

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. While the previous reporting model emphasized fund types (the total of all funds of a particular type), in the new reporting model the focus is on either the City as a whole or major individual funds (within the fund financial statements). The focus is on both the City as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the component units. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, general government, recreation, etc.) that are otherwise being supported by general government revenues (property, occupational taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, etc.) or a business-type activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues. The City does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants and contributions.

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustment necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

The following is a brief description of the specific funds used by the City:

**1. Governmental Funds**

Governmental Funds are those through which most governmental functions typically are financed.

**a. General Fund**

The General Fund is the primary operating fund of the City and always classified as a major fund. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b. Special Revenue Fund**

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds, all except tourism are reported as nonmajor funds:

<u>Fund</u>	<u>Brief Description</u>
Coal and Mineral Severance Tax Fund	Accounts for grant money received from the Local Government Economic Assistance Program (LGEAP) and expended to improve the environment for new industry and to improve the quality of life for the residents.
Municipal Road Aid Fund	Accounts for the revenues received and expenditures paid for construction, reconstruction, and maintenance of city streets.
911 Fund	Accounts for E-911 revenues legally restricted for E-911 services.
Tourism	Accounts for the revenues received and expenditures paid for the promotion of local tourism. The tourism fund is considered a major fund for government-wide reporting purposes.

**2. PROPRIETARY FUNDS**

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and payments relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of operating income, financial position, changes in net assets and cash flows. Operating revenues include charges for services. Operating expenses include costs of services as well as, materials, contracts, personnel, and depreciation. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. As permitted by generally accepted accounting principals, the City's Proprietary Funds has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

**a. Enterprise Fund or Business Funds**

Enterprise Funds account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's Enterprise Fund is the Paintsville Utilities Commission.

**b. Internal Service Fund**

Internal Service Funds account for the financing of goods or services provided by one department to other departments or agencies of the City on a cost-reimbursement basis. The City has no Internal Service Funds.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Fiduciary Funds**

Fiduciary Funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations, and other governments. The City has one Fiduciary Fund for the Paintsville Independent School District's property and franchise tax collection deposits. Taxes are collected by the City and subsequently transmitted to the school district.

**C. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements of net position and statements of activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are included on the statement of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The statements of net position, statements of activities, financial statements of the Proprietary Funds are presented on the accrual basis of accounting. Under this method of accounting exchange, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash. Real and personal property taxes are recognized in the period for which levied, provided the City has an enforceable legal claim to the resources. Grants, shared revenues, and contributions are recognized when all eligibility requirements have been met.

The fund financial statements of the General, Special Revenue and Capital Projects are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. With respect to real and personal property tax revenue and other local taxes, the term "available" is limited to collection within sixty days of the fiscal year-end. Levies made prior to the fiscal year-end but which are not available are deferred. Interest income is recorded as earned. Federal and State reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred. Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

**D. Budgets and Budgetary Accounting**

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

1. In accordance with the City Charter, prior to June 1, the City Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

estimates for the current year and actual data for the two preceding years. The City Charter requires that the budget be submitted in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level.

2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to June 30, the budget is legally enacted through passage of an ordinance.
4. The City Mayor is required by the City Charter to present a quarterly report to the City Council explaining any variance from the approved budget.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
6. The City Council may authorize supplemental appropriations during the year.

**E. Cash and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

**F. Allowance for Uncollectible Accounts**

The City's delinquent taxes and accounts receivable are considered fully collectible and therefore an allowance for uncollectible accounts is not applicable to those receivables.

Utility receivables at June 30, 2025, are net of allowance for uncollectable. The allowance for uncollectable was \$314,041 at June 30, 2025.

**G. Capital Assets**

Capital outlays are recorded as expenditures of the General, Special Revenue, Capital Project Funds, and Tourism Commission Component Unit, and as assets in the government-wide financial statements to the extent the City's capitalization threshold of \$5,000 is met. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively to 1980. Depreciation is recorded on general fixed assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Buildings	40 years
Furniture and Other Equipment	3-20 years
Infrastructure	25 years

To the extent the City's capitalization threshold of \$5,000 is met, capital outlays of the Utilities Commission Component Unit are recorded as fixed assets and depreciated over their estimated useful lives on the government-wide basis using the straight-line method and the following estimated useful lives:

Utility Plant	3-50 years
Leasehold	3-40 years
Equipment	3-20 years

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially changes capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

**H. Compensated Absences**

The City's policy allows full-time employees to earn vacation leave and sick leave. Employees earn five (5) days of vacation leave after year one of employment; ten (10) days after year two, year three, year four, and year five; and one additional day for each year after year five up to a maximum of fifteen days after year ten. Any accumulated vacation will be paid to an employee upon termination.

Employees earn one-half of one day of sick leave for each month worked and can only accumulate up to ten days. Accumulated sick leave will not be paid to an employee upon termination.

**I. Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**J. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

**K. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2025, are reported as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

**L. Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

**N. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**O. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the City has deferred outflows of resources that relate to pension plan and OPEB reporting, see Notes 12 and 13.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow or resources (revenue) until that time. The City has deferred inflows of resources that relate to pension plan and OPEB reporting, see Notes 12 and 13.

The City also has deferred inflows related to being a lessor of office space that it leases to the eKentucky Advanced Manufacturing Institute, Inc. at an annual amount of \$108,000. The current lease runs from March 1, 2022 to February 28, 2027 with an imputed 3.0% interest rate. The City recognized \$100,837 of lease rental revenue and \$7,163 of interest revenue for fiscal year end June 30, 2025.

**P. Fund Equity**

In the fund financial statements, governmental fund balance is presented in five possible categories:

*Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

*Restricted* – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed* – resources which are subject to limitations the City imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

*Assigned* – resources neither restricted nor committed for which the City has a stated intended use as established by the City Council.

*Unassigned* – resources which cannot be properly classified in one of the other four categories.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed. Likewise, fund balances that are committed or assigned would be used first for their approved purposes. Unassigned fund balances would be used as needed.

**NOTE 2. DEPOSITS AND INVESTMENTS**

Under Kentucky Revised Statutes the City is allowed to invest in obligations of the U. S. Treasury and U. S. agencies, repurchase agreements, obligations of the Commonwealth of Kentucky and its agencies, insured savings and loans, or interest bearing deposits of insured national or state banks. The deposits in excess of insurance coverage must be fully collateralized.

The City invests surplus cash at local banks in the form of certificates of deposit, savings accounts, and money market accounts. This investment call subjects the City to custodial credit risk; however, the City considers this risk immaterial, and as such, the City does not have a formal investment policy to deal with such risk.

The City of Paintsville, Kentucky, categorizes deposits at local financial institutions to give an indication of the level of risk assumed by the City at fiscal year end. The categories are described as follows:

Category 1 – Insured or collateralized with securities held by the City or by its agent in the City’s name.

Category 2 – Collateralized with securities held by the pledging financial institution’s trust department or agent in the City’s name.

Category 3 – Uncollateralized.

Deposits categorized by level of risk at June 30, 2025 are as follows:

<u>Account</u>	<u>Bank Balance</u>	<u>Category</u>			<u>Carrying Amount</u>
		<u>1</u>	<u>2</u>	<u>3</u>	
Cash	<u>\$17,626,099</u>	<u>\$4,137,163</u>	<u>\$10,715,800</u>	<u>\$ 2,773,136</u>	<u>\$17,351,876</u>

The City’s deposits and investments are also subject to risks such as interest rate risk and concentration of credit risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a deposit or investment. Deposits and investments held for longer periods are subject to increased risk of adverse interest rate changes. The City has attempted to address this risk by maintaining its deposits in accounts that continually adjust the interest rate to the market. Concentration of credit risk is the risk of loss attributed to the magnitude of the City’s investment in a single issuer. The City has addressed this risk by maintaining its deposits at financial institutions that are insured by the FDIC and by requiring additional collateral to cover deposits in excess of that amount.

**CITY OF PAINTSVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 3. PROPERTY TAXES**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1, and are due and payable at that time. All unpaid taxes levied October 1, become delinquent January 1, of the following year.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end.

**NOTE 4. CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2025, consisted of the following:

<b>Primary Government</b>	<b>Balance <u>July 1, 2024</u></b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance <u>June 30, 2025</u></b>
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated:</b>				
Land and land improvements	\$ 2,948,409	\$ -	\$ -	\$ 2,948,409
Construction in progress	<u>801,121</u>	<u>932,722</u>	<u>-</u>	<u>1,733,843</u>
<b>Total capital assets, not being depreciated</b>	<u>3,749,530</u>	<u>932,722</u>	<u>-</u>	<u>4,682,252</u>
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	8,687,075	122,386	-	8,809,461
Improvements other than buildings	1,286,654	-	-	1,286,654
Automobiles and trucks	3,219,011	278,895	88,593	3,409,313
Infrastructure	1,442,052	328,302	-	1,770,354
Machinery and equipment	<u>4,711,439</u>	<u>109,014</u>	<u>-</u>	<u>4,820,453</u>
<b>Total capital assets being depreciated</b>	<u>19,346,231</u>	<u>838,597</u>	<u>88,593</u>	<u>20,096,235</u>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	(4,182,896)	(219,337)	-	(4,402,233)
Improvements other than buildings	(891,187)	(34,821)	-	(926,008)
Automobiles and trucks	(2,159,029)	(172,559)	(88,593)	(2,242,995)
Infrastructure	(846,761)	(120,703)	-	(967,464)
Machinery and equipment	<u>(3,802,078)</u>	<u>(186,179)</u>	<u>-</u>	<u>(3,988,257)</u>
<b>Total accumulated depreciation</b>	<u>(11,881,951)</u>	<u>(733,999)</u>	<u>(88,593)</u>	<u>(12,526,957)</u>
<b>Total capital assets being depreciated, net</b>	<u>7,464,280</u>	<u>104,998</u>	<u>-</u>	<u>7,569,278</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 11,213,810</u>	<u>\$ 1,037,720</u>	<u>\$ -</u>	<u>\$ 12,251,530</u>
Depreciation was charged to governmental activities as follows:				
General government				\$ 75,247
Public safety				172,914
Recreation				119,474
Streets				175,702
Sanitation				56,522
Tourism				<u>133,740</u>
<b>Total</b>				<u>\$ 733,599</u>

CITY OF PAINTSVILLE, KENTUCKY  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2025

**NOTE 4. CAPITAL ASSETS (Continued)**

<b>Business-Type Activities</b>	<b>Balance July 1, 2024</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2025</b>
<b>Capital assets, not being depreciated:</b>				
Land and land improvements	\$ 1,223,574	\$ 141,823	\$ -	\$ 1,365,397
Construction in progress	<u>4,335,516</u>	<u>5,101,082</u>	<u>2,444,702</u>	<u>6,991,896</u>
<b>Total capital assets, not being depreciated</b>	<u>5,559,090</u>	<u>5,242,905</u>	<u>2,444,702</u>	<u>8,357,293</u>
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	1,441,754	131,583	-	1,573,337
Utility plants	119,913,572	2,908,653	-	122,822,225
Automobiles and trucks	2,184,056	476,854	318,337	2,342,573
Machinery and equipment	<u>395,323</u>	<u>4,603</u>	<u>-</u>	<u>399,926</u>
<b>Total capital assets being depreciated</b>	<u>123,934,705</u>	<u>3,521,693</u>	<u>318,337</u>	<u>127,138,061</u>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	(470,810)	(44,882)	-	(515,692)
Utility plants	(45,859,775)	(2,589,998)	-	(48,449,773)
Automobiles and trucks	(1,164,523)	(365,156)	(312,042)	(1,217,637)
Machinery and equipment	<u>(358,185)</u>	<u>(13,755)</u>	<u>-</u>	<u>(371,940)</u>
<b>Total accumulated depreciation</b>	<u>(47,853,293)</u>	<u>(3,013,791)</u>	<u>(312,042)</u>	<u>(50,555,042)</u>
<b>Total capital assets being depreciated, net</b>	<u>76,081,412</u>	<u>507,902</u>	<u>6,295</u>	<u>76,583,019</u>
<b>Total capital assets, net</b>	<u>\$ 81,640,502</u>	<u>\$ 5,750,807</u>	<u>\$ 2,450,997</u>	<u>\$ 84,940,312</u>

Depreciation was charged to business-type activities as follows:

Water, gas, and sewer

\$ 3,013,791

**NOTE 5. RISK MANAGEMENT**

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 pays annual premiums to the Kentucky League of Cities Insurance Agency for its general liability coverage, public officials' liability, auto liability, workers' compensation, and property coverage. The City's workers' compensation coverage is retrospectively rated, whereby premiums are accrued based on the ultimate cost of the experience of the City. Kentucky League of Cities Insurance Agency pays claims as they arise. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

**NOTE 6. CAPITAL LEASES**

The City has entered into various lease agreements for financing capital assets. The lease agreements qualify as capital leases for accounting purposes, therefore the leases have been recorded at the present value of their future minimum lease payments as of the inception date.

**NOTE 6. CAPITAL LEASES (Continued)**

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2025 were as follows:

<u>Fiscal Year</u>	<u>Business-Type Activities</u>
2026	\$ 258,307
2027	246,596
2028	202,261
2029	111,628
2030	<u>45,101</u>
Total minimum lease payments	863,893
Less amount representing interest	<u>(111,939)</u>
Present value of net minimum lease payments	<u>\$ 751,954</u>

Following is a summary of property held by the City under capital leases at June 30, 2025:

	<u>Business-Type Activities</u>
Equipment	\$ 1,541,220
Less accumulated depreciation	<u>(582,173)</u>
	<u>\$ 959,047</u>

	<u>Amount Outstanding 6/30/2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Amount Outstanding 6/30/2025</u>	<u>Amounts Due Within One Year</u>
Business-type activities leases	\$ 682,765	\$ 296,261	\$ (227,072)	\$ 751,954	\$ 207,563

**NOTE 7. LONG-TERM DEBT**

Long-term debt at June 30, 2025 consists of the following:

**Governmental Activities**

On December 18, 2015, Tourism borrowed \$200,000 from Peoples Bank to fund the purchase of the historic Stafford House. The loan agreement provides for 180 monthly payments of \$1,260 to be made beginning January 18, 2016 with final payment due on December 18, 2030. The loan bears interest at 2.05%.

**NOTE 7. LONG-TERM DEBT (Continued)**

On November 19, 2020, the City entered into a lease agreement for \$785,000 with the Kentucky Bond Corporation in conjunction with the Series 2020F bond issue for the refunding of called Series 2011 bond issue. The term of the lease is 11 years with monthly payments of principal and interest made into a sinking fund with the Bank of New York. Principal payments from the sinking fund are due February 1 and interest payments from the sinking fund are due semi-annually on February 1, and August 1.

On August 4, 2020, the City borrowed \$107,760 from Peoples Bank to fund the purchase of a 2020 Isuzu garbage packer. The loan agreement provides for 60 monthly payments of \$1,933 to be made beginning September 4, 2020 with final payment due on August 4, 2025. The loan bears interest at 2.88%.

On October 20, 2021, the City entered into a lease agreement for \$1,495,000 with the Kentucky Bond Corporation in conjunction with the Series 2021E bond issue for the new pool construction. The term of the lease is 29 years with monthly payments of principal and interest made into a sinking fund with the Bank of New York. Principal payments from the sinking fund are due February 1 and interest payments from the sinking fund are due semi-annually on February 1, and August 1.

**Bonds:**

	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
City of Paintsville, Kentucky Revenue Bonds, Series 2020F Issue. Principal due in February of each year, interest payable semi-annually in February and August of each year.	\$ 495,000	Variable	01/2031
City of Paintsville, Kentucky Revenue Bonds, Series 2021E Issue. Principal due in February of each year, interest payable semi-annually in February and August of each year.	\$ 1,380,000	Variable	01/2050

**Add:**

Unamortized premium

30,394

\$ 1,905,394

CITY OF PAINTSVILLE, KENTUCKY  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2025

NOTE 7. LONG-TERM DEBT (Continued)

Changes in long-term obligations for the year ended June 30, 2025, are as follows:

Governmental Activities	Balance 6/30/2024	Additions	Reductions	Balance 6/30/2025	Due Within One Year
Revenue Bond – Series 2020F	\$ 570,000	\$ -	\$ (75,000)	\$ 495,000	\$ 75,000
Revenue Bond – Series 2021E	1,420,000	-	(40,000)	1,380,000	40,000
Garbage truck loan payable	26,568	-	(22,717)	3,851	3,851
Stafford House loan payable	99,117	-	(15,532)	83,585	14,351
MACED loan payable	1,671	-	(1,671)	-	-
Compensated absences	79,756	82,516	(79,756)	82,516	82,516
Net pension liability	6,677,275	-	(246,346)	6,430,929	-
	8,874,387	82,516	(481,022)	8,475,881	215,718
Unamortized bond premium	36,126	-	(5,732)	30,394	-
Long Term Debt	<u>\$ 8,910,513</u>	<u>\$ 82,516</u>	<u>\$ (486,754)</u>	<u>\$ 8,506,275</u>	<u>\$ 215,718</u>

Repayment of principal and interest maturities is principally made from various taxes and service fees collected. Also, for governmental activities, the pension obligations and other post-employment benefit obligations are generally liquidated by the general fund.

Principal and interest payments to be made on all long-term debt at June 30, 2025, for each of the next five years and thereafter are as follows:

Year Ending June 30	Bonds	Notes	Total Principal	Total Interest	Total
2026	\$ 115,000	\$ 18,202	\$ 133,202	\$ 50,177	\$ 183,379
2027	120,000	14,936	134,936	46,529	181,465
2028	120,000	15,544	135,544	42,720	178,264
2029	125,000	16,177	141,177	38,887	180,064
2030	130,000	16,837	146,837	34,878	181,715
2031-2035	315,000	5,740	320,740	134,404	455,144
2036-2040	255,000	-	255,000	107,156	362,156
2041-2045	290,000	-	290,000	75,588	365,588
2046-2050	335,000	-	335,000	35,963	370,963
2051-2052	<u>70,000</u>	<u>-</u>	<u>70,000</u>	<u>1,837</u>	<u>71,837</u>
	<u>\$1,875,000</u>	<u>\$ 87,436</u>	<u>\$1,962,436</u>	<u>\$ 568,139</u>	<u>\$2,530,575</u>

**NOTE 7. LONG-TERM DEBT (Continued)**

**Business-Type Activities**

<b>Bonds:</b>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
City of Paintsville, Kentucky Water Revenue Bond, Series 2006. Principal installments due in January of each year, and interest payable semi-annually in January and July of each year.	\$ 181,500	4.125%	07/2046
City of Paintsville Combined Utility Revenue Bonds, Series 2011 Issue. Principal installments due in January of each year, interest payable semi-annually in January and July of each year.	10,619,000	2.00%	01/2051
City of Paintsville Combined Utility Revenue Bond, Series 2018 Issue. Principal installments due in January of each year, interest payable semi-annually in January and July of each year.	4,396,000	2.00%	01/2057
City of Paintsville Combined Utility Revenue Bond, Series 2020 Issue. Principal installments due in January of each year, interest payable semi-annually in January and July of each year.	1,910,000	1.375%	01/2059
City of Paintsville, Kentucky Public Projects Bond, Series 2020D. Principal installments due in January of each year, and interest payable semi-annually in January and July of each year. (Paintsville Lake Water Storage Space – Dept of Army)	2,595,000	variable	01/2040
City of Paintsville, Kentucky Public Projects Bond Series 2024C. Principal installments due in August of each year, and interest payable semi-annually in February and August of each year. (Non-Revenue Water Reduction Project)	7,275,000	variable	08/2044
<b>Add:</b>			
Unamortized premium	<u>647,642</u>		
	27,624,142		
<b>Notes:</b>			
Note payable to Kentucky Infrastructure Authority, due in monthly installments of principal and interest. (B98-02)	477,278	1.30%	06/2032
Note payable to Kentucky Infrastructure Authority, due in semi-annual installments of principal and interest, in June and December of each year. (F08-10)	219,545	1.00%	06/2035
Note payable to Kentucky Infrastructure Authority, due in semi-annual installments of principal and interest, in June and December of each year. (A209-34)	3,422,231	1.00%	12/2032
Note payable to Kentucky Infrastructure Authority, due in semi-annual installments of principal and interest, in June and December of each year. (F19-09)	989,647	.50%	12/2054

CITY OF PAINTSVILLE, KENTUCKY  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2025

NOTE 7. LONG-TERM DEBT (Continued)

Note payable to Kentucky Infrastructure Authority, due in semi-annual installments of principal and interest, in June and December of each year. (A05-04)

<u>23,612</u>	1.00%	06/2026
<u>5,132,313</u>		
<u>\$32,756,455</u>		

The Utility Revenue Bonds and the Kentucky Water Revenue Bonds are obligations payable solely from the revenues of the Commission and are further secured by a statutory mortgage lien on the Commission's utility plant. The bond covenants require the establishment of various sinking funds, reserve funds, depreciation funds and an operations and maintenance fund which are restricted for specific purposes. The bond resolutions also require the Commission to maintain a debt service coverage ratio of 1.2 to 1. The debt service coverage ratio was 1.71 at June 30, 2025.

Changes in long-term obligations for the year ended June 30, 2025, are as follows:

Business-Type Activities	Balance <u>6/30/2024</u>	Additions	Reductions	Balance <u>6/30/2025</u>	Due Within <u>One Year</u>
Water Revenue Bond – Series 2006	\$ 187,000	\$ -	\$ (5,500)	\$ 181,500	\$ 5,500
Combined Utility Revenue Bonds – Series 2011	10,896,500	-	(277,500)	10,619,000	285,000
Combined Utility Revenue Bonds – Series 2018	4,485,000	-	(89,000)	4,396,000	91,000
Combined Utility Revenue Bonds – Series 2020	1,949,000	-	(39,000)	1,910,000	40,000
Public Projects Bonds – 2020D	2,720,000	-	(125,000)	2,595,000	130,000
Public Projects Bonds – 2024C	-	7,275,000	-	7,275,000	-
Add: Unamortized Bond Premium	132,320	563,281	(47,959)	647,642	-
KIA Loan Payable (Honey Branch)	541,995	-	(64,717)	477,278	65,561
KIA Loan Payable (Paintsville Lake water plant)	3,746,051	-	(323,820)	3,422,231	327,067
KIA Loan Payable (wastewater treatment plant)	247,596	-	(28,051)	219,545	28,332
KIA Loan Payable (wastewater treatment plant)	46,990	-	(23,378)	23,612	23,612
KIA Loan Payable (misc water line projects)	1,791,969	218,031	(1,020,353)	989,647	31,215
Compensated Absences	77,250	80,514	(77,250)	80,514	80,514
Net Pension Liability	<u>4,309,840</u>	-	<u>(385,307)</u>	<u>3,924,533</u>	-
	<u>\$31,131,511</u>	<u>\$ 8,136,826</u>	<u>\$ (2,506,835)</u>	<u>\$36,761,502</u>	<u>\$ 1,107,801</u>

The Commission's future water, sewer, and gas revenues, net of specified operating expenses, will repay these revenue bonds and loans payable.

Principal and interest payments to be made on all long-term debt at June 30, 2025, for each of the next five years and thereafter are as follows:

Year Ending <u>June 30</u>	<u>Bonds</u>	<u>Notes</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total</u>
2026	\$ 551,500	\$ 475,787	\$ 1,027,287	\$ 852,140	\$ 1,879,427
2027	803,500	456,749	1,260,249	825,517	2,085,766
2028	839,500	461,371	1,300,871	792,038	2,092,909
2029	865,500	466,041	1,331,541	757,114	2,088,655

**CITY OF PAINTSVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 7. LONG-TERM DEBT (Continued)**

2030	898,500	470,760	1,369,260	722,483	2,091,743
2031-2035	5,014,000	2,131,233	7,145,233	3,066,761	10,211,994
2036-2040	5,948,500	165,717	6,114,217	2,108,224	8,222,441
2041-2045	5,887,500	169,907	6,057,407	1,121,801	7,179,208
2046-2050	3,696,000	174,203	3,870,203	471,235	4,341,438
2051-2055	1,790,500	160,545	1,951,045	158,238	2,109,283
2056-2059	<u>681,500</u>	-	<u>681,500</u>	<u>24,730</u>	<u>706,230</u>
	<u>\$26,976,500</u>	<u>\$ 5,132,313</u>	<u>\$ 32,108,813</u>	<u>\$ 10,900,281</u>	<u>\$43,009,094</u>

**NOTE 8. INTERFUND TRANSFERS**

The following is a schedule of interfund transfers:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Tourism Fund	Operating	\$ 360,001
Subtotal – Fund Financial Statements			360,001
Less: Fund Eliminations			<u>(360,001)</u>
Total Transfers – Government-wide Statement of Activities			<u>\$ -</u>

**NOTE 9. COMMITMENTS AND CONTINGENCIES**

**Litigation**

The City is contingently liable with respect to lawsuits and other claims which arise in the ordinary course of its operations. It is the opinion of City management and the City Attorney that any losses not covered by insurance which may ultimately be incurred as a result of the suits and claims will not be material.

**NOTE 10. GRANTS**

The City receives financial assistance from numerous federal, state and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any unallowed disbursements resulting from such audits could become a liability of the City. In the opinion of City management, no material refunds will be required as a result of unallowed disbursements (if any), by the grantor agencies.

**NOTE 11. SUBSEQUENT EVENT**

Management has evaluated and has not recognized any subsequent events through December 8, 2025 the date the financial statements were available to be issued.

**NOTE 12. DEFINED PENSION**

**General Information about the Pension Plan**

***Plan Description***

Employees of the City of Paintsville, Kentucky are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the County Employee's Retirement System. Section 61.645 of the Kentucky Revised Statutes grants to CERS Board of Trustees and the Kentucky Legislature the authority to review administration, benefit terms, investments, and funding of the plan. The plan, created under Kentucky Revised Statute (KRS) 78.520, provides for retirement, disability, and death benefits to plan members. CERS issues a publicly available financial report that can be obtained at [kyret.ky.gov](http://kyret.ky.gov).

**NOTE 12. DEFINED PENSION (Continued)**

***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, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date Unreduced retirement Reduced retirement	Before September 1, 2008 27 years service or 65 years old At least 5 years service and 55 years old At least 25 years service and any age
Tier 2	Participation date Unreduced retirement  Reduced retirement	September 1, 2008 – December 31, 2013 At least 5 years service and 65 years old Or age 57+ and the sum of service years plus age equal 87 At least 10 years service and 60 years old
Tier 3	Participation date Unreduced retirement  Reduced retirement	After December 31, 2013 At least 5 years service and 65 years old Or age 57+ and the sum of service years plus age equal 87 Not available

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement 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 nonservice-related disability benefits.

***Contributions***

Per State Statutes, contribution requirements of the active employees are established and may be amended by the CERS Board. Employees hired before 9/1/08 are required to contribute 5.00 percent of their annual pay and employees hired after 9/1/08 are required to contribute 6.00 percent of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2025, was 19.71 percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$1,235,257 for the year ended June 30, 2025.

***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 of \$10,355,462 for its proportionate share of the net pension liability. The net pension liability 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. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the City's proportion was 0.173 percent, which was an increase of .002 from its proportion measured as of June 30, 2023.

**NOTE 12. DEFINED PENSION (Continued)**

For the year ended June 30, 2025, the City recognized pension expense of \$684,587. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 501,224	\$ -
Changes of assumptions	-	467,864
Net difference between projected and actual earnings on pension plan investments	-	665,801
Changes in proportion and differences between City contributions and proportionate share of contributions City contributions subsequent to the measurement date	178,339	80,201
	<u>1,158,498</u>	<u>-</u>
Total	<u>\$ 1,838,061</u>	<u>\$ 1,213,866</u>

\$1,158,498 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date 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 of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2026	\$ (339,165)
2027	209,184
2028	(255,941)
2029	(148,381)
2030	-
Thereafter	-

***Actuarial Methods and Assumptions***

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2024 are as follows:

Inflation	2.50%
Payroll Growth Rate	2.00% for CERS non-hazardous
Salary Increase	3.30% to 10.30%, varies by service for CERS non-hazardous
Investment Rate of Return	6.50% for CERS non-hazardous

**NOTE 12. DEFINED PENSION (Continued)**

***Actuarial Methods and Assumptions***

The mortality table used for active members was a Pub-2010 General Mortality table, for the Non-Hazardous System, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010. The mortality table used for non-disabled retired members was a system-specific mortality table used on mortality experience from 2013-2022, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
<b>Equity</b>	<b>60.00%</b>	
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
<b>Fixed Income</b>	<b>20.00%</b>	
Core Fixed Income	10.00%	2.85%
Cash	0.00%	1.70%
Specialty Credit	10.00%	3.82%
<b>Inflation Protected</b>	<b>20.00%</b>	
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
<b>Expected Real Rate</b>	<b>100.00%</b>	<u>4.69%</u>
<b>Long Term Inflation Assumption</b>		<u>2.50%</u>
		<b>7.19%</b>

***Discount Rate***

The projection of cash flows used to determine the discount rate of 6.50% for CERS non-hazardous and CERS hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as amended by House Bill 362 (passed in 2018) over the remaining 27 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate

**NOTE 12. DEFINED PENSION (Continued)**

determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the Annual Comprehensive Financial Report (ACFR).

***Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the City’s proportionate share of the Net Pension Liability using the discount rate of 6.50%, as well as what the City’s proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (5.50%) or one percentage-point higher (7.50%) than the current rate:

	<u>1.0% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1.0% Increase (7.50%)</u>
City’s proportionate share of the net pension liability	\$13,349,883	\$10,355,462	\$7,870,882

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan’s fiduciary net position is available in the separately issued KRS 2024 Comprehensive Annual Financial Report at [kyret.ky.gov](http://kyret.ky.gov).

***Payable to the Pension Plan***

At June 30, 2025, the City reported a payable of \$115,441 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2025. The payable includes both the pension and insurance contribution allocation.

**NOTE 13. OPEB PLAN**

**General Information about the OPEB plan**

***Plan Description and Benefits Provided***

The City of Paintsville, Kentucky participates in the County Employees Retirement System (CERS) Insurance Fund, a multiple-employer defined benefit Other Post-Employment Benefits (OPEB) plan for members that cover all regular full-time members employed by the City. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

***Contributions***

The City’s contractually required contribution rate for the year ended June 30, 2025, was 0.00 percent of covered payroll. Contributions to the OPEB plan from the City were \$0 for the year ended June 30, 2025.

**NOTE 13. OPEB PLAN (Continued)**

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

At June 30, 2025, the City reported a liability of (\$299,819) for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City’s proportion of the net OPEB liability was based on the City’s share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2024, the City’s proportion was 0.173 percent, which was an increase of .002 from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the City recognized OPEB expense of (\$694,552). At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 166,336	\$ 2,358,990
Changes of assumptions	271,672	211,555
Net difference between projected and actual earnings On OPEB plan investments	-	273,603
Changes in proportion and differences between City contributions and proportionate share of contributions	86,284	55,469
City contributions subsequent to the measurement date	-	-
<b>Total</b>	<u>\$ 524,292</u>	<u>\$ 2,899,617</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

**Year ended June 30:**

2026	\$ (966,618)
2027	(737,823)
2028	(646,497)
2029	(24,387)
2030	-
Thereafter	-

**NOTE 13. OPEB PLAN (Continued)**

***Actuarial Methods and Assumptions***

A summary of the actuarial methods and assumptions used in determining the total OPEB liability as of June 30, 2024 are as follows:

Inflation	2.50%
Payroll Growth Rate	2.00% for CERS non-hazardous
Salary Increase	3.30% to 10.30%, varies by service for CERS non-hazardous
Investment Rate of Return	6.50% for CERS non-hazardous
Healthcare Trend Rates	
Pre - 65	Initial trend starting at 7.10% at January 1, 2026, and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years.
Post - 65	Initial trend starting at 8.00% at January 1, 2026, and gradually decreasing to an ultimate trend rate of 4.25% over a period of 9 years.
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-Hazardous Systems, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
<b>Equity</b>	<b>60.00%</b>	
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
<b>Fixed Income</b>	<b>20.00%</b>	
Core Fixed Income	10.00%	2.85%
Cash	0.00%	1.70%
Specialty Credit	10.00%	3.82%

NOTE 13. OPEB PLAN (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
<b>Inflation Protected</b>	<b>20.00%</b>	
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
<b>Expected Real Rate</b>	<b>100.00%</b>	<u>4.69%</u>
<b>Long Term Inflation Assumption</b>		<u>2.50%</u>
<b>Expected Nominal Return for Portfolio</b>		<b>7.19%</b>

*Sensitivity of the Employer’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend*

	<u>1.0% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1.0% Increase</u>
City’s proportionate share of the net OPEB liability	(\$721,329)	(\$299,819)	\$191,210

Single discount rates of 5.99% for CERS non-hazardous system was used to measure the total OPEB liability as of June 30, 2024. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50%, and a municipal bond rate of 3.97%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2024. Based on the stated assumptions and the projected of cash flows as of each fiscal year ending, the plan’s fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans’ actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plans’ trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the ACFR.

*Sensitivity of the Employer’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*

The following presents the City’s proportionate share of the Net OPEB Liability using the discount rate of (5.99%), as well as what the City’s proportionate share of the Net OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower (4.99%) or one percentage-point higher (6.99%) than the current rate:

	<u>1.0% Decrease (4.99%)</u>	<u>Current Discount Rate (5.99%)</u>	<u>1.0% Increase (6.99%)</u>
City’s proportionate share of the net OPEB liability	\$405,389	(\$299,819)	(\$892,761)

**NOTE 13. OPEB PLAN (Continued)**

*OPEB Plan Fiduciary Net Position*

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued KRS 2023 Comprehensive Annual Financial Report at [kyret.ky.gov](http://kyret.ky.gov).

**NOTE 14. RESTATEMENT**

The City has restated beginning fund balance and government-wide net position to more accurately reflect emergency management service (EMS) receivables.

	<u>Fund Balance</u> <u>General</u>	<u>Government-Wide</u> <u>Net Position</u> <u>Governmental Activities</u>
6/30/24, as previously reported	\$ 6,086,069	\$ 8,242,978
Additional EMS receivables	<u>509,460</u>	<u>509,460</u>
6/30/24, as restated	<u>\$ 6,595,529</u>	<u>\$ 8,752,438</u>

**AUDITOR'S REPORTS**



**WELLS & COMPANY, P.S.C.**

*Certified Public Accountants*

865 South Mayo Trail  
Paintsville, Kentucky 41240-1215

(606) 789-3588  
Fax (606) 789-3326

**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***

The Honorable Bill Mike Runyon, Mayor  
Members of the City Council  
City of Paintsville, 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, each major fund, and the aggregate remaining fund information of the City of Paintsville, 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 Paintsville, Kentucky's basic financial statements and have issued our report thereon dated December 8, 2025, which included an explanatory paragraph regarding the omission of required Management Discussion and Analysis.

**Report On Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Paintsville, Kentucky's internal control over financial reporting (internal control) to determine the 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 the City of Paintsville, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Paintsville, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in 2025-001 that we consider to be a material weakness.

**2025 – 001 Segregation of Duties**

**Condition:** Presently, the City has an absence of appropriate segregation of duties consistent with appropriate internal control objectives.

**Criteria:** The City should have appropriate segregation of duties to provide reasonable assurance that the safeguarding of assets and financial records be maximized.

**Cause:** Due to its small size and budget restrictions the City has limited options for establishing an adequate segregation of duties.

**Effect:** An improper segregation of duties can subject the City to intentional or unintentional losses due to errors or irregularities.

**Views of Responsible Officials:** The City should continue to review the internal control structure and segregate duties where possible.

**Management Comment:** Management of the City concurs with the finding and will continue strong oversight.

**Report On Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Paintsville, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**City of Paintsville, Kentucky's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Paintsville, Kentucky's response to the findings identified in our audit and described previously. The City of Paintsville, Kentucky's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**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.

*Wells & Company, PSC*

Certified Public Accountants  
Paintsville, Kentucky  
December 8, 2025

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF PAINTSVILLE, KENTUCKY  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
Property taxes	\$ 625,000	\$ 625,000	\$ 625,114	\$ 114
Payments in lieu of taxes	-	-	35,946	35,946
Franchise fees and taxes	195,000	195,000	216,902	21,902
Police court revenue	8,500	8,500	8,350	(150)
Police services	3,000	3,000	2,465	(535)
Building permits	-	-	1,764	1,764
Licenses	-	-	140	140
ABC fees	205,000	205,000	199,839	(5,161)
Garbage collection fees	875,360	875,360	885,181	9,821
Taxes on insurance premiums	575,000	575,000	653,723	78,723
Occupational taxes	2,410,000	2,410,000	2,761,028	351,028
Motor vehicle tax	35,000	35,000	39,845	4,845
Ambulance receipts	1,545,000	1,545,000	2,042,159	497,159
Firefighter and police incentive pay	120,000	120,000	127,615	7,615
Rental/Lease revenue	117,250	117,250	121,947	4,697
Golf course revenue	266,500	266,500	326,712	60,212
Miscellaneous intergovernmental revenue	71,600	71,600	74,771	3,171
Grants	40,000	40,000	116,036	76,036
Interest Income	-	-	27,195	27,195
Contributions	-	-	74,671	74,671
Other revenues	291,570	291,570	166,933	(124,637)
	<u>7,383,780</u>	<u>7,383,780</u>	<u>8,508,336</u>	<u>1,124,556</u>
<b>Total revenues</b>				
<b>Expenditures:</b>				
<b>General government:</b>				
Administrative salaries	420,400	420,400	419,055	1,345
Payroll tax expense	31,037	31,037	40,019	(8,982)
Employee benefits	158,100	158,100	144,603	13,497
City attorney's fees	30,000	30,000	32,201	(2,201)
Postage	3,500	3,500	737	2,763
Advertising	7,000	7,000	3,425	3,575
Office expenses	21,375	21,375	18,319	3,056
Telephone	12,500	12,500	8,769	3,731
Workmen's compensation insurance	3,960	3,960	3,096	864
Audit and accounting fees	16,900	16,900	3,600	13,300
Insurance and bonding	15,900	15,900	19,146	(3,246)
Utilities	240,000	240,000	200,181	39,819
Preparation of property tax bills	16,000	16,000	16,867	(867)
Senior Citizens	76,240	76,240	75,645	595
Big Sandy ADD dues	1,500	1,500	4,117	(2,617)
Other general expenses	113,150	113,150	116,960	(3,810)

**CITY OF PAINTSVILLE, KENTUCKY  
 BUDGETARY COMPARISON SCHEDULE (Continued)  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Debt service:</b>				
Interest expense	21,900	21,900	19,044	2,856
Principal retirement	92,960	92,960	76,672	16,288
Building inspector expense	500	500	439	61
Capital expenditures	-	-	92,606	(92,606)
Total general government	<u>1,282,922</u>	<u>1,282,922</u>	<u>1,295,501</u>	<u>(12,579)</u>
<b>Police:</b>				
Salaries and wages	441,920	441,920	472,934	(31,014)
Payroll tax expense	34,607	34,607	33,941	666
Employee benefits	228,715	228,715	205,100	23,615
Gasoline and oil	37,000	37,000	38,849	(1,849)
Repairs and maintenance	9,000	9,000	12,657	(3,657)
Workmen's compensation insurance	10,905	10,905	12,288	(1,383)
Insurance and bonding	25,100	25,100	41,704	(16,604)
Utilities	-	-	5,668	(5,668)
Training	5,900	5,900	3,525	2,375
Telephone	12,000	12,000	16,088	(4,088)
Uniforms and uniforms cleaning	6,000	6,000	4,999	1,001
Capital expenditures	-	-	182,658	(182,658)
Other expenditures	5,750	5,750	33,289	(27,539)
Total police	<u>816,897</u>	<u>816,897</u>	<u>1,063,700</u>	<u>(246,803)</u>
<b>Fire/EMS:</b>				
Salaries and wages	1,491,640	1,491,640	1,635,846	(144,206)
Payroll tax expense	109,843	109,843	120,252	(10,409)
Employee benefits	660,850	660,850	612,852	47,998
Gasoline and oil	65,000	65,000	67,172	(2,172)
Repairs and maintenance	54,825	54,825	66,463	(11,638)
Insurance	67,400	67,400	65,952	1,448
Telephone	11,500	11,500	9,405	2,095
Utilities	18,300	18,300	27,777	(9,477)
Uniforms and uniforms cleaning	20,000	20,000	9,729	10,271
Training	7,000	7,000	5,344	1,656
Training center expenses	11,500	11,500	10,468	1,032
Workmen's compensation insurance	58,500	58,500	56,004	2,496
Billing service	97,500	97,500	114,413	(16,913)
Ground ambulance tax	65,220	65,220	64,524	696
Medical supplies	40,000	40,000	47,018	(7,018)
Capital expenditures	-	-	175,456	(175,456)
Other expenses	19,200	19,200	37,885	(18,685)
Total fire/ems	<u>2,798,278</u>	<u>2,798,278</u>	<u>3,126,560</u>	<u>(328,282)</u>

CITY OF PAINTSVILLE, KENTUCKY  
 BUDGETARY COMPARISON SCHEDULE (Continued)  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Recreation:</b>				
Recreation salaries	146,395	146,395	134,577	11,818
Payroll tax expense	11,275	11,275	10,525	750
Employee benefits	65,075	65,075	69,037	(3,962)
Insurance	12,600	12,600	30,843	(18,243)
Supplies	15,000	15,000	13,204	1,796
Workmen's compensation insurance	3,700	3,700	3,552	148
Utilities	27,000	27,000	44,241	(17,241)
Debt service:				
Interest expense	36,657	36,657	37,031	(374)
Principal retirement	40,000	40,000	40,000	-
Capital expenditures	15,000	15,000	929,480	(914,480)
Other expenses	38,100	38,100	64,526	(26,426)
Total recreation	<u>410,802</u>	<u>410,802</u>	<u>1,377,016</u>	<u>(966,214)</u>
<b>Streets:</b>				
Salaries and wages	302,756	302,756	319,977	(17,221)
Payroll tax expense	23,674	23,674	25,511	(1,837)
Employee benefits	180,750	180,750	152,504	28,246
Uniforms	2,700	2,700	834	1,866
Gasoline and oil	26,000	26,000	25,642	358
Insurance	31,700	31,700	35,472	(3,772)
Supplies and parts	12,000	12,000	11,540	460
Workmen's compensation insurance	8,600	8,600	10,032	(1,432)
Capital expenditures	10,000	10,000	213,023	(203,023)
Other expenses	11,000	11,000	20,302	(9,302)
Total streets	<u>609,180</u>	<u>609,180</u>	<u>814,837</u>	<u>(205,657)</u>
<b>Sanitation:</b>				
Salaries and wages	268,992	268,992	247,605	21,387
Payroll tax expense	21,113	21,113	19,755	1,358
Employee benefits	172,100	172,100	128,122	43,978
Gasoline and oil	43,000	43,000	32,719	10,281
Truck repairs and maintenance	26,000	26,000	20,786	5,214
Workmen's compensation insurance	11,900	11,900	14,952	(3,052)
Hauling and dumping expense	230,000	230,000	241,747	(11,747)
Insurance	22,300	22,300	29,920	(7,620)
Uniforms	3,600	3,600	418	3,182
Utilities	2,283	2,283	4,484	(2,201)
Garage expenses	6,935	6,935	6,958	(23)
Debt service:				
Interest expense	474	474	474	-
Principal retirement	22,717	22,717	22,717	-
Other expenses	6,671	6,671	9,178	(2,507)
Total sanitation	<u>838,085</u>	<u>838,085</u>	<u>779,835</u>	<u>58,250</u>

**CITY OF PAINTSVILLE, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE (Continued)**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Golf Course:</b>				
Salaries and wages	213,610	213,610	264,170	(50,560)
Payroll tax expense	16,855	16,855	20,449	(3,594)
Employee benefits	68,195	68,195	57,995	10,200
Workmen's compensation insurance	3,200	3,200	3,768	(568)
Maintenance and repairs	80,500	80,500	83,251	(2,751)
Gasoline and oil	15,000	15,000	15,849	(849)
Insurance	11,600	11,600	9,193	2,407
Utilities and telephone	16,000	16,000	36,443	(20,443)
Capital expenditures	20,000	20,000	-	20,000
Other expenses	39,000	39,000	103,542	(64,542)
Total golf course	<u>483,960</u>	<u>483,960</u>	<u>594,660</u>	<u>(110,700)</u>
Total Expenditures	<u>7,240,124</u>	<u>7,240,124</u>	<u>9,052,109</u>	<u>(1,811,985)</u>
Excess of revenues over (under) expenditures	<u>143,656</u>	<u>143,656</u>	<u>(543,773)</u>	<u>(687,429)</u>
<b>Other Financing Sources/(Uses):</b>				
Transfer in from Tourism	300,000	300,000	360,001	60,001
Intragovernmental forgiveness of debt	(211,828)	(211,828)	(101,113)	110,715
Proceeds from sale of capital assets	-	-	6,000	6,000
Proceeds from insurance	-	-	153,526	153,526
Total other financing sources (uses)	<u>88,172</u>	<u>88,172</u>	<u>418,414</u>	<u>330,242</u>
Net change in fund balance	<u>\$ 231,828</u>	<u>\$ 231,828</u>	(125,359)	<u>\$ (357,187)</u>
Fund balance - beginning, as restated			<u>6,595,529</u>	
Fund balance - ending			<u>\$ 6,470,170</u>	

**CITY OF PAINTSVILLE, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
PAINTSVILLE TOURISM COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
Taxes:				
Restaurant tax	\$ 925,000	\$ 925,000	\$ 1,019,361	\$ 94,361
Room occupancy tax	90,000	90,000	110,910	20,910
Country Music Museum:				
Gift Shop/Rental/Ticket Sales	78,000	78,000	112,582	34,582
Interest	-	-	1,416	1,416
Other revenues	32,000	32,000	24,875	(7,125)
<b>Total revenues</b>	<u>1,125,000</u>	<u>1,125,000</u>	<u>1,269,144</u>	<u>144,144</u>
<b>Expenditures:</b>				
Salaries and wages	270,000	270,000	290,832	(20,832)
Payroll tax expense	30,000	30,000	24,675	5,325
Employee benefits	-	-	59,179	(59,179)
Contract labor	10,000	10,000	7,160	2,840
Administration	18,000	18,000	16,875	1,125
Telephone and utilities	46,000	46,000	43,485	2,515
Donations	150,000	150,000	156,681	(6,681)
Postage	5,000	5,000	1,440	3,560
General office expense	8,200	8,200	23,763	(15,563)
Gift shop expense	15,000	15,000	12,876	2,124
Advertising and promotional	151,000	151,000	178,445	(27,445)
Membership dues	6,600	6,600	3,997	2,603
Van and bus expense	5,000	5,000	6,050	(1,050)
Legal and professional expense	16,000	16,000	12,085	3,915
Maintenance and repairs	29,360	29,360	11,817	17,543
Mountain Homeplace	93,500	93,500	-	93,500
Insurance	20,000	20,000	17,601	2,399
Security	1,100	1,100	3,188	(2,088)
Special events expense	30,500	30,500	41,899	(11,399)
Sipp expenses	40,000	40,000	12,299	27,701
Stafford house expenses	20,000	20,000	5,618	14,382
Other expense	63,290	63,290	32,446	30,844
Debt service:				
Interest expense	3,688	3,688	3,688	-
Principal retirement	12,762	12,762	15,532	(2,770)
Capital outlay	-	-	29,780	(29,780)
<b>Total expenditures</b>	<u>1,045,000</u>	<u>1,045,000</u>	<u>1,011,411</u>	<u>33,589</u>
<b>Excess of revenues over (under) expenditures</b>	<u>80,000</u>	<u>80,000</u>	<u>257,733</u>	<u>177,733</u>

**CITY OF PAINTSVILLE, KENTUCKY  
 BUDGETARY COMPARISON SCHEDULE (Continued)  
 PAINTSVILLE TOURISM COMMISSION  
 FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Other financing sources (uses):</b>				
Transfer out to General Fund	<u>(380,000)</u>	<u>(380,000)</u>	<u>(360,001)</u>	<u>19,999</u>
<b>Total other financing sources (uses)</b>	<u>(380,000)</u>	<u>(380,000)</u>	<u>(360,001)</u>	<u>19,999</u>
<b>Net change in fund balance</b>	<u><u>\$ (300,000)</u></u>	<u><u>\$ (300,000)</u></u>	<u>(102,268)</u>	<u><u>\$ 197,732</u></u>
<b>Fund balance - beginning</b>			<u>645,456</u>	
<b>Fund balance - ending</b>			<u><u>\$ 543,188</u></u>	

**CITY OF PAINTSVILLE, KENTUCKY  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY (CERS)  
JUNE 30, 2025**

	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>
City's proportion of the net pension liability (asset)	0.169852%	0.173853%	0.167811%
City's proportionate share of the net pension liability (asset)	\$ 5,510,000	\$ 7,474,872	\$ 8,262,404
City's covered-employee payroll	\$ 4,078,483	\$ 4,030,252	\$ 4,006,221
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	135.10%	185.47%	206.24%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	59.97%	55.50%
	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>
City's proportion of the net pension liability (asset)	0.163673%	0.169953%	0.166466%
City's proportionate share of the net pension liability (asset)	\$ 9,580,284	\$ 10,351,021	\$ 11,707,628
City's covered-employee payroll	\$ 4,224,008	\$ 4,195,198	\$ 4,323,980
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	226.81%	246.73%	270.76%
Plan fiduciary net position as a percentage of the total pension liability	53.30%	53.54%	50.45%
	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>
City's proportion of the net pension liability (asset)	0.168752%	0.168038%	0.168346%
City's proportionate share of the net pension liability (asset)	\$ 12,943,139	\$ 10,713,740	\$ 12,169,755
City's covered-employee payroll	\$ 4,313,388	\$ 4,671,719	\$ 4,994,377
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	300.07%	229.33%	243.67%
Plan fiduciary net position as a percentage of the total pension liability	47.81%	57.33%	52.42%
	<u>6/30/2024</u>	<u>6/30/2025</u>	
City's proportion of the net pension liability (asset)	0.171232%	0.173156%	
City's proportionate share of the net pension liability (asset)	\$ 10,987,115	\$ 10,355,462	
City's covered-employee payroll	\$ 5,459,348	\$ 5,877,714	
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	266.65%	176.18%	
Plan fiduciary net position as a percentage of the total pension liability	57.48%	61.61%	

**CITY OF PAINTSVILLE, KENTUCKY  
SCHEDULE OF CITY PENSION CONTRIBUTIONS (CERS)  
JUNE 30, 2025**

	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>
Contractually required contribution	\$ 520,007	\$ 500,557	\$ 558,868
Contributions in relation to the contractually required contribution	<u>520,007</u>	<u>500,557</u>	<u>558,868</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 4,078,483	\$ 4,030,252	\$ 4,006,221
Contributions as a percentage of covered-employee payroll	12.75%	12.42%	13.95%
	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>
Contractually required contribution	\$ 611,636	\$ 680,461	\$ 834,528
Contributions in relation to the contractually required contribution	<u>611,636</u>	<u>680,461</u>	<u>834,528</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 4,224,008	\$ 4,195,198	\$ 4,323,980
Contributions as a percentage of covered-employee payroll	14.48%	16.22%	19.30%
	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>
Contractually required contribution	\$ 832,484	\$ 1,064,218	\$ 1,168,684
Contributions in relation to the contractually required contribution	<u>832,484</u>	<u>1,064,218</u>	<u>1,168,684</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 4,313,388	\$ 4,671,719	\$ 4,994,377
Contributions as a percentage of covered-employee payroll	19.30%	22.78%	23.40%
	<u>6/30/2024</u>	<u>6/30/2025</u>	
Contractually required contribution	\$ 1,274,212	\$ 1,158,498	
Contributions in relation to the contractually required contribution	<u>1,274,212</u>	<u>1,158,498</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	
City's covered-employee payroll	\$ 5,459,348	\$ 5,877,714	
Contributions as a percentage of covered-employee payroll	23.34%	19.71%	

**CITY OF PAINTSVILLE, KENTUCKY  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY (CERS)  
JUNE 30, 2025**

	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>
City's proportion of the net OPEB liability (asset)	0.163673%	0.169953%	0.166466%
City's proportionate share of the net OPEB liability (asset)	\$ 3,290,387	\$ 3,017,482	\$ 2,799,160
City's covered-employee payroll	\$ 4,224,008	\$ 4,195,198	\$ 4,323,980
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	77.90%	71.92%	64.74%
Plan fiduciary net position as a percentage of the total OPEB liability	52.40%	57.62%	60.44%
	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>
City's proportion of the net OPEB liability (asset)	0.168703%	0.167998%	0.168323%
City's proportionate share of the net OPEB liability (asset)	\$ 4,073,664	\$ 3,216,237	\$ 3,321,878
City's covered-employee payroll	\$ 4,313,388	\$ 4,671,719	\$ 4,994,377
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	94.44%	68.84%	66.51%
Plan fiduciary net position as a percentage of the total OPEB liability	51.67%	62.91%	60.95%
	<u>6/30/2024</u>	<u>6/30/2025</u>	
City's proportion of the net OPEB liability (asset)	0.171227%	0.173262%	
City's proportionate share of the net OPEB liability (asset)	\$ (236,408)	\$ (299,819)	
City's covered-employee payroll	\$ 5,459,348	\$ 5,877,714	
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-4.33%	-5.10%	
Plan fiduciary net position as a percentage of the total OPEB liability	104.23%	104.89%	

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**CITY OF PAINTSVILLE, KENTUCKY  
SCHEDULE OF CITY OPEB CONTRIBUTIONS (CERS)  
JUNE 30, 2025**

	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>
Contractually required contribution	\$ 198,529	\$ 220,668	\$ 205,821
Contributions in relation to the contractually required contribution	<u>198,529</u>	<u>220,668</u>	<u>205,821</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 4,224,008	\$ 4,195,198	\$ 4,323,980
Contributions as a percentage of covered-employee payroll	4.70%	5.26%	4.76%
	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>
Contractually required contribution	\$ 205,318	\$ 194,810	\$ 169,310
Contributions in relation to the contractually required contribution	<u>205,318</u>	<u>194,810</u>	<u>169,310</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 4,313,388	\$ 4,671,719	\$ 4,994,377
Contributions as a percentage of covered-employee payroll	4.76%	4.17%	3.39%
	<u>6/30/2024</u>	<u>6/30/2025</u>	
Contractually required contribution	\$ -	\$ -	
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	
City's covered-employee payroll	\$ 5,459,348	\$ 5,877,714	
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**CITY OF PAINTSVILLE, KENTUCKY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CERS)  
FOR THE YEAR ENDED JUNE 30, 2025**

53

**NOTE A – GENERAL INFORMATION**

**Contributions**

Contractually required employer contributions reported on the Schedule of Pension Contributions exclude the portion of contributions paid to CERS but allocated to the insurance fund of the CERS. The insurance contributions are reported on the Schedule of OPEB Contributions.

**Payroll**

The City's covered payroll reported on the Proportionate Share of the Net Pension Liability and the Proportionate Share of the Net OPEB Liability Schedules is one year prior to the City's fiscal year payroll as reported on the Schedule of Contributions for Pension and OPEB.

**NOTE B – CHANGES OF ASSUMPTIONS**

**June 30, 2024 – Pension and OPEB – Non-hazardous**

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2024, for OPEB:

- The initial healthcare trend rate for pre-65 was changed from 6.80% to 7.10%, which gradually decreases to an ultimate trend rate of 4.25% over a period of 13 years. The initial healthcare trend rate for post-65 was changed from 8.50% to 8.00%, which gradually decreases to an ultimate trend rate of 4.25% over a period of 9 years.
- The assumed rate of return was increased from 6.25% to 6.50%.
- The assumed rate of inflation was increased from 2.30% to 2.50%.

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2024, for pension.

**June 30, 2023 – Pension and OPEB – Non-hazardous**

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2023, for OPEB:

- The initial healthcare trend rate for pre-65 was changed from 6.20% to 6.80%, which gradually decreases to an ultimate trend rate of 4.05% over a period of 13 years. The initial healthcare trend rate for post-65 was changed from 9.00% to 8.50%, which gradually decreases to an ultimate trend rate of 4.05% over a period of 13 years.
- The assumed rate of return was increased from 6.25% to 6.50%.
- The assumed rate of inflation was increased from 2.30% to 2.50%.

**June 30, 2022 – Pension and OPEB – Non-hazardous**

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2022, for OPEB:

**CITY OF PAINTSVILLE, KENTUCKY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CERS)  
FOR THE YEAR ENDED JUNE 30, 2025**

54

- The initial healthcare trend rate for pre-65 was changed from 6.30% to 6.20%, which gradually decreases to an ultimate trend rate of 4.05% over a period of 13 years. The initial healthcare trend rate for post-65 was changed from 6.30% to 9.00%, which gradually decreases to an ultimate trend rate of 4.05% over a period of 13 years.

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2022, for pension.

**June 30, 2021 – Pension and OPEB – Non-hazardous**

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2021, for OPEB:

**NOTE B – CHANGES OF ASSUMPTIONS (Continued)**

- The initial healthcare trend rate for pre-65 was changed from 6.40% to 6.30%, which gradually decreases to an ultimate trend rate of 4.05% over a period of 13 years. The initial healthcare trend rate for post-65 was changed from 2.90% to 6.30%, which gradually decreases to an ultimate trend rate of 4.05% over a period of 13 years.

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2021, for pension.

**June 30, 2020 – Pension and OPEB – Non-hazardous**

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for OPEB:

- The initial healthcare trend rate for pre-65 was changed from 7% to 6.40%, which gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years. The initial healthcare trend rate for post-65 was changed from 5% to 2.90%, which increases to 6.30% in 2023 and then gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years.

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for pension.

**June 30, 2019 – Pension and OPEB Non-hazardous**

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2019, for both pension and OPEB:

- The assumed rate of salary increases was increased from 3.05% to 3.3% to 10.3% on average.

**June 30, 2018 – Pension and OPEB – Non-hazardous**

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2018, for either pension or OPEB.

**CITY OF PAINTSVILLE, KENTUCKY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CERS)  
FOR THE YEAR ENDED JUNE 30, 2025**

**NOTE B – CHANGES OF ASSUMPTIONS (Continued)**

**June 30, 2017 – Pension – Non-hazardous**

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2017:

- The assumed rate of return was decreased from 7.5% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.3%.
- Payroll growth assumption was reduced from 4% to 2%.

**June 30, 2016 – Pension and OPEB – Non-hazardous**

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2016, for either pension or OPEB.

**June 30, 2015 – Pension – Non-hazardous**

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015:

- The assumed rate of return was decreased from 7.75% to 7.5%.
- The assumed rate of inflation was reduced from 3.5% to 3.25%.
- The assumed rate of wage inflation was reduced from 1% to .75%.
- Payroll growth assumption was reduced from 4.5% to 4%.
- Mortality rates were based on the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females).
- For Disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.
- The assumed rates of retirement, withdrawal, and disability were updated to reflect experience more accurately.

**June 30, 2014 – Pension – Non-hazardous**

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2014.

**June 30, 2013 – Pension – Non-hazardous**

The following assumptions were made by the Kentucky Legislature and reflected in the initial valuation performed as of June 30, 2013:

- The assumed rate of return was 7.75%.
- The assumed rate of inflation was 3.5%.
- The assumed rate of wage inflation was 1%.

**CITY OF PAINTSVILLE, KENTUCKY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CERS)  
FOR THE YEAR ENDED JUNE 30, 2025**

**NOTE B – CHANGES OF ASSUMPTIONS (Continued)**

- Payroll growth assumption was 4.5%.
- Mortality rates were based on the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006. The 1994 Group Annuity Mortality Table was used for all other members.

**SUPPLEMENTARY  
AND  
OTHER INFORMATION**

**CITY OF PAINTSVILLE, KENTUCKY  
 COMBINING BALANCE SHEET  
 NON-MAJOR FUNDS  
 JUNE 30, 2025**

	<u>Special Revenue Funds</u>			
	<u>Coal and Mineral Tax Severance Fund</u>	<u>Municipal Road Aid Fund</u>	<u>911 Fund</u>	<u>Total Non-Major Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 124,862	\$ 101,597	\$ 19,345	\$ 245,804
Total Assets	<u>\$ 124,862</u>	<u>\$ 101,597</u>	<u>\$ 19,345</u>	<u>\$ 245,804</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 6,212	\$ 15,230	\$ 6,594	\$ 28,036
Accrued vacation	-	-	5,297	5,297
Total Liabilities	<u>6,212</u>	<u>15,230</u>	<u>11,891</u>	<u>33,333</u>
<b>Fund Balances:</b>				
Restricted for:				
Streets	-	86,367	-	86,367
Other	118,650	-	7,454	126,104
Unassigned	-	-	-	-
Total Fund Balances	<u>118,650</u>	<u>86,367</u>	<u>7,454</u>	<u>212,471</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 124,862</u>	<u>\$ 101,597</u>	<u>\$ 19,345</u>	<u>\$ 245,804</u>

**CITY OF PAINTSVILLE, KENTUCKY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Special Revenue Funds</u>			
	<u>Coal and Mineral Tax Severance Fund</u>	<u>Municipal Road Aid Fund</u>	<u>911 Fund</u>	<u>Total Non-Major Governmental Funds</u>
<b>Revenues:</b>				
Intergovernmental revenues	\$ 36,076	\$ 97,764	\$ -	\$ 133,840
Charges for services	-	-	432,124	432,124
Interest	-	2	3	5
<b>Total revenues</b>	<u>36,076</u>	<u>97,766</u>	<u>432,127</u>	<u>565,969</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Public safety	-	-	548,686	548,686
Streets	5,435	1,260	-	6,695
Sanitation	-	-	-	-
Recreation	10,000	-	-	10,000
<b>Capital outlay</b>	<u>-</u>	<u>148,316</u>	<u>-</u>	<u>148,316</u>
<b>Total expenditures</b>	<u>15,435</u>	<u>149,576</u>	<u>548,686</u>	<u>713,697</u>
Excess of revenues over (under) expenditures	20,641	(51,810)	(116,559)	(147,728)
<b>Other financing sources (uses):</b>				
Intragovernmental forgiveness of debt	<u>-</u>	<u>-</u>	<u>101,113</u>	<u>101,113</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>101,113</u>	<u>101,113</u>
Net change in fund balances	20,641	(51,810)	(15,446)	(46,615)
Fund balances - beginning	<u>98,009</u>	<u>138,177</u>	<u>22,900</u>	<u>259,086</u>
<b>Fund balances - ending</b>	<u>\$ 118,650</u>	<u>\$ 86,367</u>	<u>\$ 7,454</u>	<u>\$ 212,471</u>