CITY OF HOPKINSVILLE, KENTUCKY

Annual Comprehensive Financial Report
For the fiscal year ended June 30, 2025

CITY OF HOPKINSVILLE, KENTUCKY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For The Fiscal Year Ended June 30, 2025

Issued by the
Department of Finance

MELISSA CLAYTON
Chief Financial Officer

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE CITY OF HOPKINSVILLE, KENTUCKY
FOR THE YEAR ENDED JUNE 30, 2025

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CITY OF HOPKINSVILLE, KENTUCKY
INTRODUCTORY SECTION

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January 23, 2026

Honorable Mayor, Members of City Council, and Citizens of Hopkinsville:

We are pleased to submit the Annual Comprehensive Financial Report of the City of Hopkinsville, Kentucky (City) for the fiscal year ended June 30, 2025.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

To the best of our knowledge and belief, this financial report is complete and reliable in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included in this report.

Kentucky Revised Statute 91A.040 requires an annual audit of each fund of the City by an auditor of public accounts or a certified public accountant. The independent certified public accounting firm of York, Neel & Associates, LLP, has conducted this audit and has issued an unmodified ("clean") opinion of the City of Hopkinsville's financial statements for the year ended June 30, 2025. The independent auditor's report is located at the front of the financial section of this report. In addition to meeting the requirements set forth by state statutes, an audit of federal awards was conducted to meet the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The independent auditor's report related specifically to the Single Audit is located at the end of this report.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The City's MD&A can be found immediately following the report of the independent auditor. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

PROFILE OF THE CITY

The City of Hopkinsville is located in southwest Kentucky near the Tennessee border. The town was settled in 1796 by a North Carolina couple, Bartholomew and Martha Ann Wood. Hopkinsville, the seat of Christian County, has since grown to a population of 30,800. Located a short drive from Land Between the Lakes; Pennyrile Forest State Resort Park; Nashville, Tennessee; Fort Campbell, Kentucky; and Evansville, Indiana, Hopkinsville has tremendous access to the arts, cultural and sporting events, shopping, and recreational opportunities while maintaining a strong sense of local community.

The City was incorporated in 1797 and operates under a Council-City Administrator form of government. The City Council is made up of the mayor and twelve city council members (one council member from each ward of the City). The City Council sets the policies that govern the City. The City Administrator advises the Council in the formulation of policies and oversees day to day municipal operations.

The City provides a full range of municipal services, including public safety (police, fire, and emergency communications), street maintenance, cemetery, parks, recreation, community development, and general administrative services.

REPORTING ENTITY

For financial reporting purposes, the reporting entity includes all funds, account groups, boards, agencies, and authorities involved in the provision of the previously mentioned municipal services and for which, in the opinion of the City's officials, the City is financially accountable. The City is financially accountable for the organizations that make up its legal entity. The City is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and the City is either able to impose its will on that organization or there is potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the City. In addition, the City is financially accountable for fiscally dependent governmental organizations.

The City has performed a comprehensive evaluation of its financial reporting entity in accordance with Governmental Accounting Standards Board Statement No. 61, *"The Financial Reporting Entity"*, and, based on the foregoing criteria, has included Hopkinsville Water Environment Authority, Hopkinsville Solid Waste Enterprise, and Hopkinsville Surface and Stormwater Utility as discretely presented component units within the City's basic financial statements. Various other Hopkinsville/Christian County agencies and related organizations providing services within the City do not meet the criteria discussed above and, therefore, are excluded from this report.

ACCOUNTING SYSTEM

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

funds based upon the purposes for which they are meant to be spent and the means by which spending activities are controlled.

The Finance Department is responsible for providing to the City all financial services, including accounting and reporting, payroll, accounts payable, cash and investment management, debt management, budgeting, and purchasing. The City has computerized systems of accounting and reporting and payroll/personnel.

INTERNAL CONTROLS

The City's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that adequate accounting information is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefit likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by the management of the City and by the City's independent certified public accounting and auditing firm.

As a part of the City's audit, tests were made to determine the adequacy of the internal control structure as well as to determine that the City has complied with applicable laws and regulations. The results of the City's audit for the fiscal year ended June 30, 2025 disclosed no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

BUDGETARY CONTROLS

In addition to internal controls, the City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriation and budget ordinance approved by the City Council. Activities of the General Fund and the Municipal Road Aid Special Revenue Fund are included in the annual appropriations budget. The level of budgetary control (this is the level at which expenditures cannot legally exceed the appropriated amount) is at the departmental level within an individual fund. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

ECONOMIC CONDITION AND OUTLOOK

The City of Hopkinsville maintains a positive economic outlook. The City has been able to maintain service levels with minimal tax increases. The last change in the occupational tax rate was a decrease from 2.00% to 1.95% as of January 1, 2011. The real estate property tax rate of 0.209 per $100 is the lowest tax rate for the City since 1999, and the personal property tax rate of

0.239 per $100 remained the same as fiscal year ended June 30, 2024. The unemployment rate in Christian County was 5.6% in June 2025, which was a decrease of 0.3% from June of 2024 and slightly over the state unemployment rate of 4.9%. However, the City continues to be actively involved in promoting economic development. Economic indicators and trends reflect that the area's economy has remained fairly steady, and the City expects this to continue in the near future. The City's population has slightly increased and the City's general revenues continue to grow. The City's General Fund revenue collections were more than the prior year. Property tax revenue was $6.8 million, or 1.6% lower than the prior year. Occupational tax revenue was $22.5 million, or 5.9% higher than the prior year.

SIGNIFICANT EVENTS AND INITIATIVES

There is much for the City of Hopkinsville to be proud of in Fiscal Year 2024 - 2025. The City continues to form partnerships with outside federal, state, and local agencies, and with the citizenry itself, to meet its goals and spend its tax dollars wisely. Some of our accomplishments include:

Economic Development

- Offering property tax rebates, payroll tax rebates, and/or upfront cash incentives to the following businesses for making new or additional industrial investments and/or creating new jobs:

    - Kitchen Food Company – Investment of $69,150,000, resulting in eight hundred (800) new jobs. They are an Australian Company that manufactures and processes ready-made meals. Kitchen Food Company purchased the spec building and began renovations. The City agreed to grant the company $4,500,000 over a two year period. They also received a $2,500,000 EDF grant from the Commonwealth of Kentucky to be used toward the construction of a wastewater treatment plant.
    - Harvey Square Multifamily, LLC – Investment of $14,300,000 to build a 76-unit new housing development for seniors.
    - By-Pass Warehouse LLC – Investment of over $5,100,000 to build a 150,000 square foot industrial warehouse on Commerce Court.

Quality of Life/Place

- The City established an Entertainment Destination Center (EDC) in downtown Hopkinsville to promote economic growth and tourism in the heart of the City. The license from the State was granted in April 2025, with a soft opening that took place in June 2025.

- Construction began on Rotary Park at Pardue Lane in March of 2025, with an expected completion date of October 2025. The total cost of the project was estimated to be $1,200,000. At the end of the fiscal year, $486,974 had been spent toward the project.

- Construction began on the remodel project of Fire Station 5 in December 2024, with an estimated completion date of October 2025. The total cost of the project was estimated to be $10,001,624. At the end of the fiscal year, $3,605,649 had been spent. This project will increase fire protection in the City for the first time since 1999.

- Responding to the April 11 flooding of downtown Hopkinsville, the City was able to apply for and receive a FEMA grant. This grant will be a reimbursement for labor, equipment, and contracts for flooding that occurred at the Hopkinsville Police Department and the Rail Trail. The grant provided for seventy-five percent (75%) reimbursement from FEMA, a twelve percent (12%) match from the Commonwealth of Kentucky, and a thirteen percent (13%) match from the City. At the end of the fiscal year, the grant was still in the submission process, and no funds had been received.

- Receiving a 2024 Litter Abatement grant from the State of Kentucky in the amount of $16,255. A portion of the Grant was used to fund the "Trash for Cash" program, in which nonprofit organizations were paid $75 per mile of trash picked up on City Streets.

Other Developments

- The City received the Kentucky Waste Tire Crumb Rubber Grant of $150,000 to be used at the new playground at the new Rotary Park on Pardue Lane.

- In March of 2025, the City established a new grant program for local non-profits called the Hoptown Helps Grant Program. Many non-profits address the core needs of the community, like food, shelter, and recovery. Partnering with non-profits improves civic engagement, creating a stronger, more resilient, and better-resourced community that addresses needs government cannot fully cover.

- The City received the Edward Byrne Memorial Justice Assistance Grant for the JAG program in the amount of $13,106 to be used for new MDT systems for the Hopkinsville Police Department.

- Plans are underway to redesign a major entrance way into the City on West 7th Street. Bell Engineering was contracted to produce a redevelopment plan for the West 7th Street Gateway to the City.

- The City is resolved to maintain its designation as a certified City of Ethics.

Long-Term Financial Planning

- Bonds were issued in August of 2024 with a twofold purpose. The first purpose was the renovations to convert an existing office building into a new training center and a new 24-hour fire station for the Hopkinsville Fire Department, including an apparatus bay with three truck bays and support spaces. The portion of the bond issue allotted to this project was $5,390,000. The second purpose was a grant for Kitchen Food Company to help with the renovations of their building for the manufacturing and processing of ready-made meals. The portion of the bond issue allotted to this project was $2,200,000. The total amount of the bond issue was $7,590,000.

- Having in place a Capital Equipment Reserve Policy which establishes a dedicated cash balance for the express purpose of funding in whole or in part the purchase of equipment

for use in any department within the City, which cannot be purchased through normal capital fund allocation. The reserve was initially funded with $500,000 and thereafter funded annually with fifty percent (50%) of identified general fund excess revenues for the year. At the beginning of the year, the reserve had a balance of $2,027,913, and during the year, $998,741 was used for a new Fire Training Tower that will be placed on the property for Fire Station 5 at 101 Walton Way. The ending balance in the reserve account was $1,029,172. The Policy also sets as an objective to maintain total combined reserve dollars (unassigned and equipment reserve) equal to a minimum of twenty percent (20%) of the current operating budget, with a target goal of twenty-five percent (25%). At the end of the fiscal year, the City has a thirty-eight and two-tenths percent (38.2%) reserve to the FY 24-25 operating budget.

- In December of 2024, the City invested $1,201,994 in the KLC Investment Pool. This amount was allocated as a pension reserve to meet the long-term pension obligations of the City. Since pension rates have been on the decline for the last few years, the decision was made to invest these funds long term. At the end of the fiscal year, the market value of the investment was $1,252,098.

FINANCIAL POLICIES

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

During the budgetary process for the fiscal year ended June 30, 2025, the City took a conservative approach in estimating revenue. Accordingly, each department had moderate increases for operating expenses except for those items which the City has no control over such as fuel and utility costs.

City Council has authorized that a portion of the insurance premium tax revenue and the revenue generated from the sale of property declared surplus be transferred from the General Fund to the Capital Fund to be used for the construction and acquisition of long-term capital assets. In addition to the standard transfers to the Capital Fund, additional funds were transferred to the Capital Fund during the current fiscal year for the purchase of equipment for the police, fire, and public works departments, and improvements to the SportsPlex.

In order to reduce insurance premiums that are paid by the City, the City has elected a $25,000 deductible for general liability claims. The annual insurance premiums that are saved on general liability insurance are transferred to a General Liability Insurance Contingency Fund to be used to pay out future deductibles on insurance claims.

The City established a Grant Matching Fund which is to be funded with appropriations from the General Fund until a maximum balance of $250,000 is reached. This fund is to be used for the City's matching requirements on any local, state, or federal grants that are awarded to the City. Whenever the Grant Matching Fund balance falls below the $250,000 ceiling, funds are transferred from the General Fund to the Grant Matching Fund up to the amount budgeted for the year to replenish the fund.

The Mayor and administration have established a goal that the City should always keep between two to three months' operating cash reserve in the General Fund to meet any unanticipated decreases in revenue or unbudgeted expenses that may arise. Due to the City's strong reserves, sound fiscal policies, and local financial environment, Standard and Poor's has issued the City a bond rating of AA- and views the outlook of this rating as stable.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hopkinsville, Kentucky for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This was the 30th time the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS

Preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire Finance Department staff. We wish to express our appreciation to all department members who assisted and contributed to its preparation, with special thanks to York, Neel & Associates, LLP, Certified Public Accountants. We also thank the Mayor and members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Melissa A. Clayton

Melissa A. Clayton
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hopkinsville
Kentucky

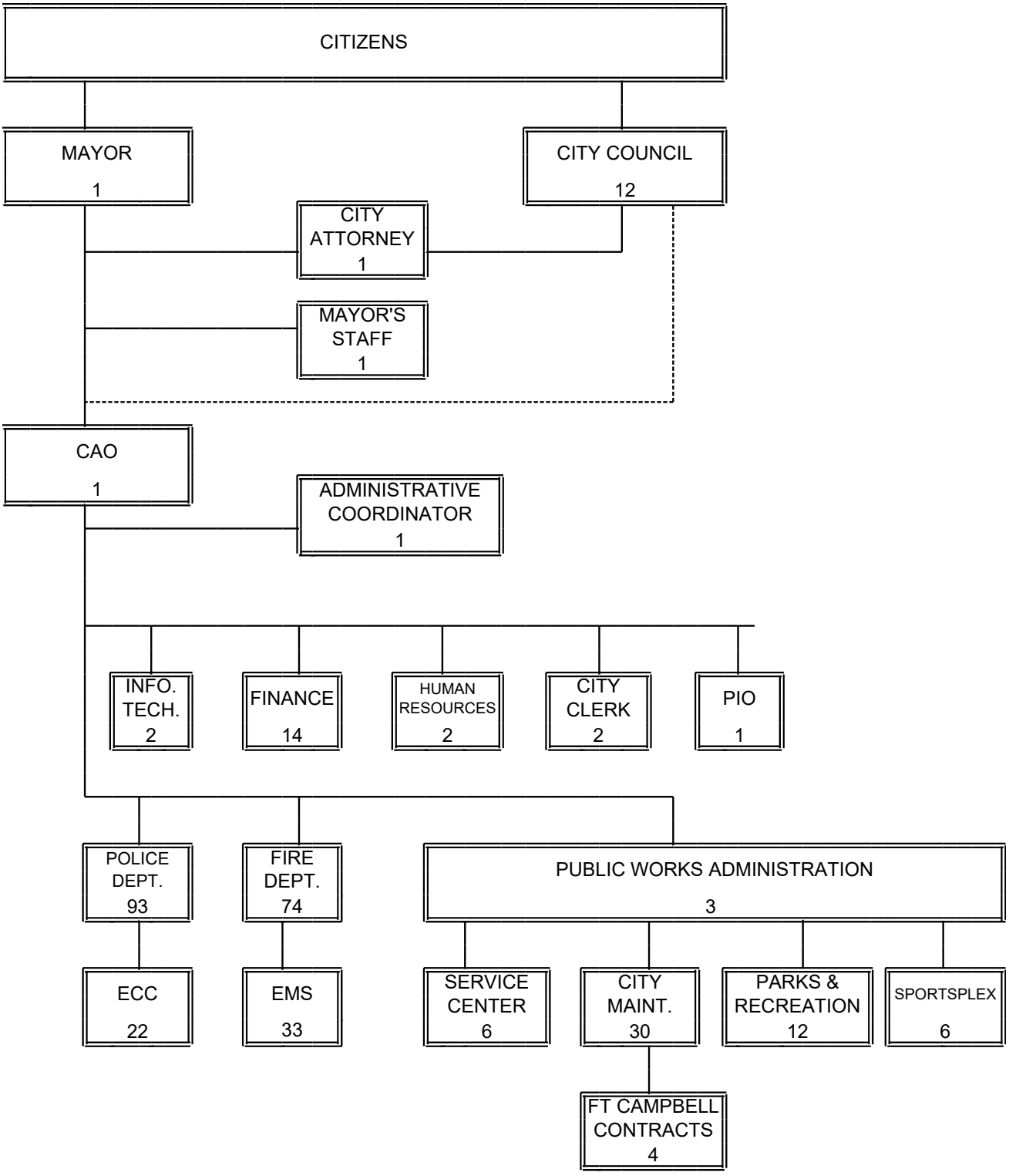
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

City of Hopkinsville, Kentucky
Organizational Chart
June 30, 2025



CITY OF HOPKINSVILLE, KENTUCKY
DIRECTORY OF OFFICIALS
June 30, 2025

James R. Knight Jr, Mayor

Troy Body, CAO

Brittany Byrum, City Clerk

H. Douglas Willen, City Attorney

Melissa Clayton, Chief Financial Officer

Cory Alexander, Budget Officer

COMMON COUNCIL MEMBERS

Jason Bell

Brittanie Bogard

Chuck Crabtree

Amy Craig

Elizabeth Draude

Donald Marsh

Travis Martin

Seth Meek

Vance Smith

Brandi Stallons

Clayton Sumner

Michael Velez Sr.

CITY OF HOPKINSVILLE, KENTUCKY
FINANCIAL SECTION

YORK, NEEL & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Hopkinsville, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hopkinsville, 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 Hopkinsville, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hopkinsville, 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 Hopkinsville, 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.

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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 Hopkinsville, 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 Hopkinsville, 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 Hopkinsville, Kentucky's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15-27, budgetary comparison information on pages 134-136, and pension schedules on pages 137-147, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hopkinsville, Kentucky's basic financial statements. The accompanying combining nonmajor fund financial statements, budgetary comparison schedules for nonmajor funds, capital assets used in the operation of governmental funds, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, budgetary comparison schedules for nonmajor funds, capital assets used in the operation of governmental funds, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially

misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2026 on our consideration of the City of Hopkinsville, 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 Hopkinsville, 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 Hopkinsville, Kentucky's internal control over financial reporting and compliance.

York, Neel & Associates, LLP

Hopkinsville, Kentucky
January 23, 2026

CITY OF HOPKINSVILLE, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(REQUIRED SUPPLEMENTARY INFORMATION)

CITY OF HOPKINSVILLE, KENTUCKY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Hopkinsville, Kentucky (City) offers the Management's Discussion and Analysis to provide a narrative overview and analysis of City financial activities for the fiscal year ended June 30, 2025. To fully understand the entire scope of the City's financial activities, this information should be read in conjunction with the financial statements (pages 28-42) provided in this document.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the fiscal year ended June 30, 2025 by $5.1 million (net position). This amount includes $768 thousand that is restricted to specific projects by laws, regulations, or contractual agreements and $32.7 million that is the City's net investment in capital assets. There was an unrestricted deficit total of ($28.4) million primarily due to the reporting of pension and OPEB liabilities.

- The City's total net position increased $9.6 million this year.

- As of June 30, 2025, the City's governmental funds reported combined ending fund balances of $40.1 million, an increase of $4.7 million from the prior year. Approximately $19.9 million is unassigned and available for spending.

- The City's governmental activities total capital assets, net of depreciation, was $62.1 million, an increase of $5.5 million from the prior year.

- The City's governmental activities total debt was $58.9 million, an increase of $3.2 million.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all City assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these reported as net position. Monitoring increases and/or decreases in net position over time helps the City to recognize whether its financial position is deteriorating, stagnating, or improving.

OVERVIEW OF FINANCIAL STATEMENTS, continued

Government-Wide Financial Statements, continued

The Statement of Activities shows how City net position changed during the past fiscal year. All net position changes are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues and expenses are reported in the Statement of Activities for some items that will only result in cash flows in the future (e.g., uncollected taxes and earned but unused vacation leave).

These two government-wide financial statements separate City functions primarily supported by taxes and intergovernmental revenues (governmental activities) from other City functions that are intended to recover all or a significant portion of expenses through user fees and charges (business-type activities). City governmental activities include general government, public safety, public works, community and economic development, and parks and recreation. The City no longer has primary government business-type activities.

Government-wide financial statements include not only the City (the primary government), but also three legally separate component units for which the City is financially accountable: Hopkinsville Water Environment Authority, Hopkinsville Solid Waste Enterprise, and Hopkinsville Surface and Stormwater Utility. Financial information for the component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 28-30 of this report.

Fund Financial Statements

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

Governmental Funds:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike government-wide financial statements, however, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at fiscal year-end. This information can help the City when it evaluates near-term financing requirements.

The majority of the City's funds are governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Fire Station 5 Capital Fund,

OVERVIEW OF FINANCIAL STATEMENTS, continued

Fund Financial Statements, continued

Governmental Funds, continued:

which are the City's major funds for the fiscal year ended June 30, 2025. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found at page 31 and page 33 of this report.

The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are described in the reconciliations on page 32 and page 34.

Proprietary Funds:

The City maintains two types of proprietary funds:

Enterprise Funds. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements and are used to account for operations: (1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City uses enterprise funds to account for the discretely presented component units that provide water, sewerage, and natural gas services, solid waste services, and stormwater utility services. The City formerly had an enterprise fund for the waterpark that was transferred to the General Fund as a part of the parks and recreation department in the fiscal year ended June 30, 2021.

Internal Service Funds. Internal Service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its health insurance.

Proprietary funds provide the same kind of information as government-wide financial statements, but in greater detail. Individual data for the proprietary fund financial statements is presented in the statements at pages 35-37 of this report.

OVERVIEW OF FINANCIAL STATEMENTS, continued

Fund Financial Statements, continued

Fiduciary Funds:

Fiduciary funds are used to account for resources held for the benefit of parties outside the government and are not reflected in government-wide financial statements because those resources are not available to support City programs.

Data for the City's fiduciary fund (Policemen's and Firefighter's Pension Fund) is presented in the Statement of Net Position – Fiduciary Funds and the Statement of Changes in Net Position – Fiduciary Funds. The fiduciary fund financial statements are presented at pages 38-39 of this report.

Notes to the Basic Financial Statements

These notes provide additional information crucial to fully understanding data provided in the government-wide and fund financial statements. Notes to the basic financial statements can be found at pages 43-133 of this report.

Other Information

In addition to basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning City funding of its obligation to provide pension and other post-employment benefits to its employees and budgetary comparison schedules as required. This information is reported as required supplementary information or other supplementary information as applicable after the notes to the financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As previously indicated, net position may serve over time as a useful indicator of the City's financial position. As of June 30, 2025, the City as a whole had assets and deferred outflows of resources that exceeded liabilities and deferred inflows of resources by $5.1 million, an increase in net position of $9.6 million over last year. Of the $5.1 million, $32.7 million was net investment in capital assets, $768 thousand was restricted, and ($28.4) million was unrestricted. The deficit unrestricted net position is due to the implementation of GASB No. 68, *Accounting and Financial Reporting for Pensions*, which was implemented in the fiscal year ended June 30, 2015, and GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions (OPEB)*, which was implemented in the fiscal year ended June 30, 2018. Unrestricted

GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued

Net Position, continued

net position of governmental funds includes fund balances of the General Fund, internal service fund, various special revenue funds, and various capital funds. Unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors in the future.

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

At June 30, 2025, the City reports positive balances in both the net investment in capital assets portion and the restricted portion of net position. However, as noted above, there is a negative balance in the unrestricted portion of net position.

The following table provides a summary of the City's net position as of June 30, 2025, as compared to June 30, 2024.

City of Hopkinsville – Net Position

	Governmental Activities	
	2025	2024
Current and other assets	$ 75,448,987	$ 72,076,747
Capital assets	62,134,184	56,584,633
Total assets	137,583,171	128,661,380
Deferred outflows of resources	13,114,168	12,670,532
Long-term liabilities	120,688,642	115,840,907
Other liabilities	2,843,284	2,735,972
Total liabilities	123,531,926	118,576,879
Deferred inflows of resources	22,085,731	25,338,429
Net investment in capital assets	32,714,673	32,948,745
Restricted	768,085	828,636
Unrestricted (deficit)	(28,403,076)	(36,360,777)
Total net position (deficit)	$ 5,079,682	$ (2,583,396)

GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued

Analysis of the City's Operations

The following table provides a summary of the City's operations for the fiscal year ended June 30, 2025, as compared to the prior fiscal year ended June 30, 2024. Governmental activities increased the City's net position by $9.6 million less $1.9 million restatement due to the implementation of GASB 101.

City of Hopkinsville – Changes in Net Position

	Governmental Activities	
	2025	2024
Revenues:		
Program revenues:		
Charges for services and sales	$ 6,034,118	$ 8,611,763
Operating grants and contributions	12,148,997	14,831,803
Capital grants and contributions	341,349	409,473
General revenues:		
Property taxes	6,784,345	6,896,508
Occupational taxes	22,514,557	21,266,558
Insurance premium tax	7,654,077	6,926,705
Franchise tax	560,200	392,364
Transient room tax	1,112,248	1,127,516
Payment in lieu of taxes	973,888	1,114,389
Investment income	2,164,580	1,573,028
Gain on sale of capital assets	105,750	85,487
Miscellaneous	344,101	89,095
Total revenues	60,738,210	63,324,689
Expenses:		
General government	6,537,574	6,237,687
Public safety	23,009,806	22,987,133
Public works	6,256,243	6,077,687
Community development	10,719,669	8,185,192
Parks and recreation	3,459,779	3,691,901
Interest on long-term debt	1,179,953	958,395
Total expenses	51,163,024	48,137,995
Excess (deficiency) before transfers	9,575,186	15,186,694
Transfers	-	-
Change in net position	9,575,186	15,186,694
Net position (deficit), beginning, prev. reported	(2,583,396)	(17,770,090)
Change in accounting principle (GASB 100)	(1,912,108)	-
Net position (deficit), beginning, restated	(4,495,504	(17,770,090
Net position (deficit), ending	$ 5,079,682	$ (2,583,396)

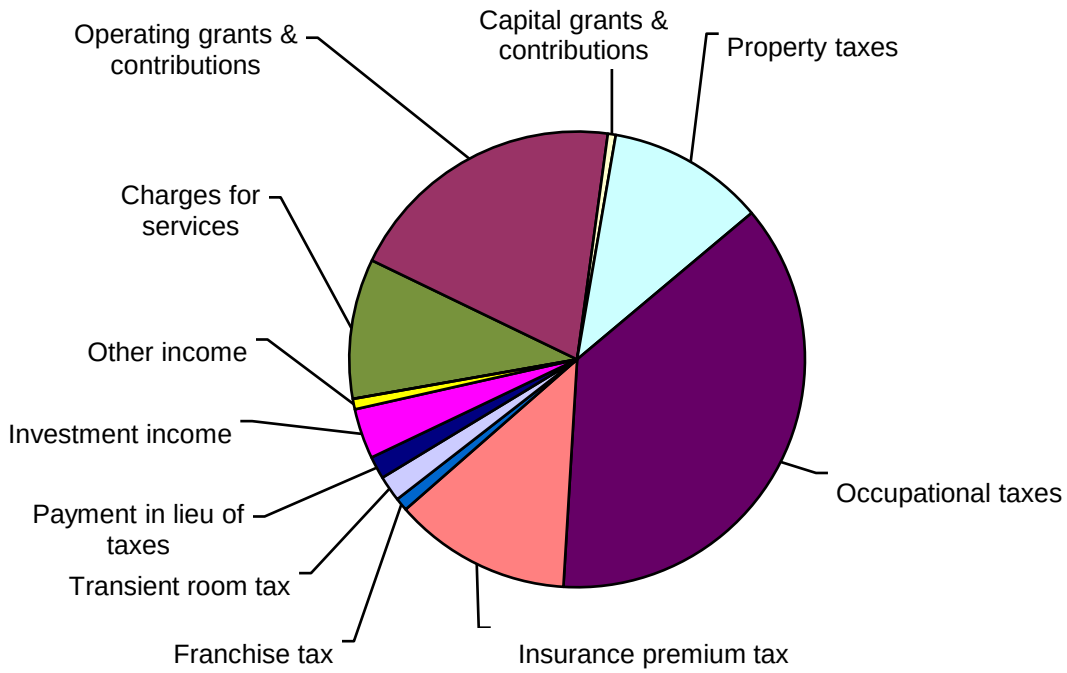
GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued

Governmental Activities

Total revenues for the City's governmental activities are $60.7 million for the year ended June 30, 2025, compared to $63.3 million last year. This decrease in revenues is mainly attributable to the decreases in charges for services and sales and operating grants and contributions, offset by the increase in occupational taxes. Charges for services and sales decreased $2.5 million or 30% from the prior year. This is mainly due to a decrease in business license revenues and building permit fees. Operating grants and contributions decreased $2.7 million or 18% over the prior year. This decrease is primarily due to more grants being received in the prior year. Occupational taxes increased $1.2 million or 6% compared to the prior year. This is a result of new and expanding businesses and growth in various business payrolls.

Occupational taxes is the largest category of revenues for the City; occupational taxes total $22.5 million or 37% of total revenue. The second largest category of government revenues, operating grants and contributions, accounts for $12.1 million or 20% of total revenue. Other significant categories of revenues include charges for services and sales ($6.0 million), property taxes ($6.8 million), and insurance premium tax ($7.7 million).

Revenue by Source – Governmental Activities



GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued

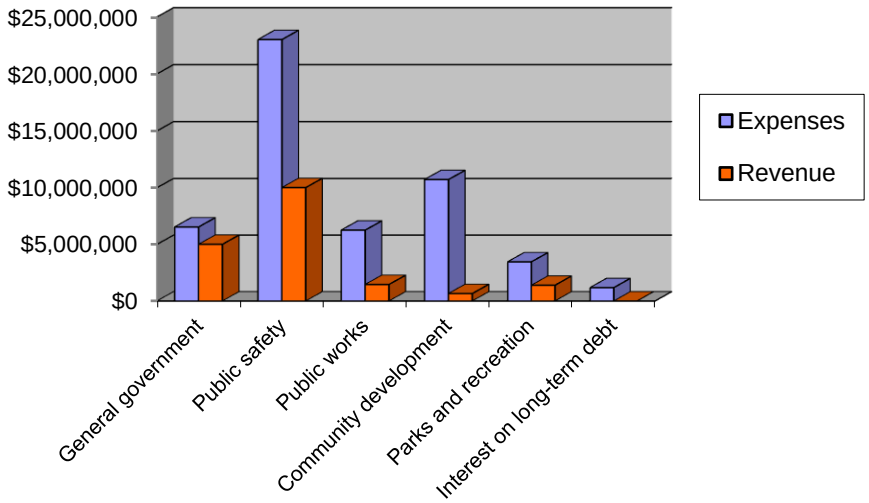
Governmental Activities, continued

For the fiscal year ended June 30, 2025, total expenses of the City's governmental activities were $51.1 million, compared to $48.1 million last year. This increase in expenses is primarily due to community development expenses including a one-time $2.25 million grant for an economic development project.

Public safety is the largest category of the City's expenses. Public safety expenses total $23.0 million and account for 45% of total expenses. The second largest category of expenses, community development, totals $10.7 million or 21% of total expenses. General government is the next largest category and totals $6.5 million or 13% of expenses. Public works expense totals $6.3 million or 12% of expenses. All other expenses make up 9% of total expenses.

As shown in the chart below, revenues generated by the City's programs are not sufficient to cover the costs of essential programs to the City and its citizens. Therefore, the City relies on taxes, licenses, investment income, and other general revenues to cover the costs associated with these programs.

Expenses and Program Revenues – Governmental Activities

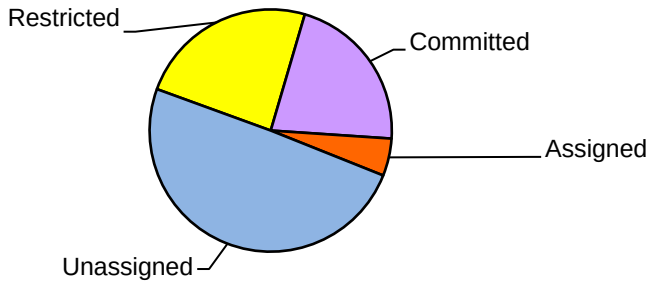


FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

At June 30, 2025, the City governmental funds reported combined ending fund balances of $40.1 million, an increase of $4.7 million from June 30, 2024. Approximately 50% of the total amount of governmental fund balance, $19.9 million, is unassigned fund balance, which is available for spending at the government's discretion. Approximately 24%, $9.6 million, is restricted fund balance, and approximately 22%, $8.6 million, is committed to indicate it is not available for new spending. The remainder of fund balance, $2.0 million, has been encumbered or assigned.

Ending Fund Balances – Governmental Funds



The General Fund is the chief operating fund of the City. At June 30, 2025, the total fund balance in the General Fund was $28.9 million, which represents an increase of $2.5 million from the prior year. Of the total fund balance in the General Fund, unassigned fund balance was $19.9 million. As a measure of general fund liquidity, readers may compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 36% of total general fund expenditures of $55.4 million, and total fund balance represents 52% of total general fund expenditures.

The largest increase in the General Fund was in intergovernmental revenues, which had an increase of $422 thousand. This is primarily due to wage reimbursements. Licenses and permits in the General Fund increased $365 thousand due to increases in occupational taxes and insurance premium taxes. Taxes in the General Fund decreased $229 thousand, due to small decreases in multiple tax categories.

Certain departments in the General Fund had increases from the prior year that were mainly due to wages: General government ($284 thousand) and public safety ($1.7 million). Community development expenditures in the General Fund increased $3.4 million which is primarily due to a $2.25 million grant for an economic development project.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS, continued

Governmental Funds, continued

In addition to the General Fund, the Fire Station 5 Capital Fund was also a major fund for the fiscal year ended June 30, 2025. This is a new fund, so all fluctuations were increases. Revenues and other financing sources in this fund were primarily from transfers from other funds ($9.2 million). Expenditures were primarily for capital outlays ($4.3 million).

Proprietary Funds

The City no longer has any business-type enterprise funds. However, there is an internal service fund for employee health insurance, which is also reflected in the governmental activities. Net position for the internal service fund increased $623 thousand primarily due to $643 thousand transferred from the general fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the current fiscal year, the City Council approved revisions of the General Fund's budget in order to make adjustments to and add projects that were not anticipated when the budget was first adopted. The total amounts available for appropriations budget increased $7.0 million or 14% during the year ended June 30, 2025. The changes in amounts available for appropriations can be briefly summarized as follows:

$	3,496,651	Prior year revenues
$	235,000	Taxes
$	1,886,000	Licenses and permits
$	-	Fines and permits
$	790,618	Intergovernmental
$	-	Interest income
$	175,000	Other revenues
$	436,003	Transfers in

Differences between the final budget for amounts available for appropriation and actual amounts available for appropriation resulted in $36.9 million more in actual amounts available for appropriation than budgeted. This is primarily due to significantly larger beginning budgetary fund balance ($22.8 million), licenses and permits revenue ($1.0 million), interest income ($523 thousand), and other revenues ($563 thousand). The City also had long-term debt issuances of $11.8 million that were not budgeted. The City has had continued growth in new and expanding businesses, as well as increased property values, which increases related revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS, continued

The total expenditures budget increased $7.0 million or 14% during the year ended June 30, 2025. The changes in appropriations can be briefly summarized as follows:

$	24,505	General administrative
$	-	Tax department
$	(37,988)	Information technology
$	30,000	Legislative
$	(35,070)	Police
$	-	Emergency communications
$	(33,835)	Fire
$	760,834	EMS
$	20,000	Fire prevention
$	-	Other public safety
$	(14,793)	Public works administrative
$	(28,431)	Street
$	(24,553)	Ft. Campbell contracts
$	(11,003)	Service center
$	224,000	Other public works
$	155,270	Community development
$	(32,486)	Main parks and recreation
$	(5,601)	Sportsplex
$	-	Waterpark
$	-	Debt service principal
$	143,675	Interest and finance charges
$	398,053	Capital outlays
$	5,486,695	Transfers out

The net increase to appropriations was to be budgeted from additional projected revenue and prior year revenues. During the year, however, revenues over the budgeted amount were more than expenditures over the budgeted amount, thus lessening the need to draw upon existing fund balance.

Differences between the final appropriations budget and actual appropriations resulted in $8.4 million more in actual appropriations than budgeted appropriations. The most significant differences were (1) in the sanitation department due to debt issued on behalf of a component unit which is not budgeted and (2) community development and transfers related to debt proceeds that were not budgeted. Other differences were due to lower than budgeted wages and related labor expenses in various departments and reclassifications for capital outlays.

Additional information on the City's budgetary comparison for the General Fund can be found on pages 134-136.

CAPITAL ASSETS

The City's total investment in capital assets is $62.1 million (net of accumulated depreciation) as of June 30, 2025, which represents an increase of $5.5 million over the prior year. This investment in capital assets includes land, buildings, improvements, machinery and equipment, vehicles, park facilities, roads, highways, bridges, and construction in progress. Major increases included $4.3 million in construction in progress on Fire Station 5, $2.5 additional construction in progress on Commerce Park roadway and rail spur, and $1 million for a new fire truck.

City of Hopkinsville – Capital Assets
(net of depreciation)

	Governmental Activities	
	2025	2024
Land	$ 2,460,050	$ 2,200,850
Construction in progress	5,060,380	6,029,326
Buildings and improvements	24,864,380	25,964,043
Equipment	3,945,818	4,095,925
Right-to-use equipment	202,220	259,997
Infrastructure	14,864,828	7,879,084
Land improvements	7,352,289	8,037,816
Vehicles	3,384,219	2,117,592
Total assets	$ 62,134,184	$ 56,584,633

Additional information on the City's capital assets can be found in Note 4 on pages 67-69.

DEBT ADMINISTRATION

At June 30, 2025, the City had $58.9 million in outstanding debt compared to $55.7 million at June 30, 2024, a net increase of $3.2 million. The City issued one bond ($7.6 million) for Fire Station 5 and an economic development project. The City, on behalf of a component unit, entered into multiple lease payables for solid waste trucks and equipment of $4.0 million. Debt decreases included $1.8 million due to the repayment of debt by the City and $6.5 million due to the component units' repayment of debt. The following table illustrates the changes in outstanding bonds, notes payable, and leases payable:

	Governmental Activities	
	2025	2024
General obligation bonds	$ 52,554,259	$ 49,035,122
Revenue bond	1,044,000	1,249,000
Notes payable	525,000	770,298
Leases payable	4,800,436	4,647,239
Total	$ 58,923,695	$ 55,701,659

DEBT ADMINISTRATION, continued

The City's legal debt limit under §158 of the Kentucky Constitution is 10% of total assessed value of taxable property in Hopkinsville. The City's current debt limit is $279,855,212, which is significantly more than the City's outstanding general obligation debt. The City's latest bond rating is AA-.

Additional information on the City's long-term debt can be found in Note 5 on pages 70-82.

ECONOMIC FACTORS

Unemployment Rate

The unemployment rate for the City of Hopkinsville (Christian County) as of June 2025 was 5.6%. This rate compares unfavorably to the state unemployment rate of 4.9% and the federal unemployment rate of 4.1%.

Next Year's Budget

The current and future needs of the City were considered when preparing the City's 2025-2026 budget. The ending General Fund fund balance for fiscal year 2024-2025 (beginning balance for fiscal year 2025-2026) was $28.9 million. At the present time, the City is in good financial condition.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general financial overview for those interested in the City of Hopkinsville, Kentucky's government finances. Questions or requests for additional financial information may be addressed to Melissa Clayton, Chief Financial Officer, City of Hopkinsville, 715 South Virginia Street, Hopkinsville, Kentucky 42240.

Questions or requests for additional information regarding the component unit, Hopkinsville Water Environment Authority, may be addressed to Melissa Spurr, General Manager, at 401 East 9th Street, Hopkinsville, KY 42240. Questions or requests for additional information regarding the component unit, Hopkinsville Solid Waste Enterprise, may be addressed to Bryan Silver, General Manager, at 5665 Mt. Zoar Road, Hopkinsville, KY 42240. Questions or requests for additional information regarding the component unit, Hopkinsville Surface and Stormwater Utility, may be addressed to Steven Bourne, Manager, at 711 South Main Street, P.O. Box 588, Hopkinsville, KY 42240.

CITY OF HOPKINSVILLE, KENTUCKY
BASIC FINANCIAL STATEMENTS

City of Hopkinsville, Kentucky
Statement of Net Position
June 30, 2025

	Primary Government Governmental Activities	Component Units
ASSETS		
Pooled cash and cash equivalents	$ 28,221,894	$ -
Non-pooled cash and cash equivalents	1,350,213	8,632,331
Investments	1,295,067	-
Receivables:		
Taxes	4,265,600	-
Accounts	-	2,623,723
Leases	547,771	-
Notes	146,317	32,304
Other	208,314	669,909
Inventory	-	456,842
Prepaid items	-	29,940
Other current assets	-	121
Due from component unit	202,591	-
Other assets	-	733,050
Restricted assets:		
Due from Component Units:		
Due within one year	5,996,328	-
Due beyond one year	25,210,422	-
Temporarily restricted:		
Cash and cash equivalents	7,449,448	9,075,924
Investments	-	-
Permanently restricted assets:		
Cash and cash equivalents	555,022	-
Investments	-	-
Net OPEB asset	-	459,098
Capital Assets:		
Land and construction in progress	7,520,430	7,364,310
Capital assets, net of accumulated depreciation	54,613,754	164,917,883
Total capital assets	62,134,184	172,282,193
Total assets	137,583,171	194,995,435
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pensions-CERS	9,866,095	2,828,932
Deferred outflows from pensions-PFPF	22,055	-
Deferred outflows from OPEB	3,041,138	858,540
Deferred refunding costs	184,880	38,104
Total deferred outflows of resources	13,114,168	3,725,576
Total assets and deferred outflows of resources	$ 150,697,339	$ 198,721,011

The notes to the basic financial statements are an integral part of this statement.

City of Hopkinsville, Kentucky
Statement of Net Position, continued
June 30, 2025

	Primary Government Governmental Activities	Component Units
LIABILITIES		
Accounts payable	$ 980,847	$ 820,379
Accrued salaries	1,238,110	477,340
Claims payable	214,741	-
Accrued interest	408,586	218,878
Construction retainage and contracts payable	-	532,574
Other current liabilities	1,000	11,700
Noncurrent liabilities:		
Due within one year:		
Compensated absences	373,534	581,817
Bonds, notes, and leases	7,784,103	3,191,208
Due to primary government	-	5,996,328
Due beyond one year:		
Compensated absences	3,361,808	939,288
Bonds, notes, and leases	51,139,592	74,333,742
Net pension liability-CERS	47,903,274	15,856,735
Net pension liability-PFPF	493,240	-
Net OPEB liability	1,120,897	-
Accrued landfill closure/post-closure costs	8,512,194	
Due to primary government	-	25,210,422
Total liabilities	123,531,926	128,170,411
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pensions-CERS	8,156,375	1,922,824
Deferred inflows from pensions-PFPF	-	-
Deferred inflows from OPEB	13,381,585	4,512,097
Deferred inflows from leases	547,771	-
Deferred inflows - collections in advance	-	120,233
Deferred revenue - USACE	-	3,738,348
Total deferred inflows of resources	22,085,731	10,293,502
NET POSITION		
Net investment in capital assets	32,714,673	77,390,465
Restricted:		
Equipment maintenance and replacement	-	2,778,179
Capital projects	-	581,556
Net OPEB asset	-	459,098
Perpetual care:		
Expendable	213,063	-
Nonexpendable	555,022	-
Unrestricted (deficit)	(28,403,076)	(20,952,200)
Total net position (deficit)	5,079,682	60,257,098
Total liabilities, deferred inflows of resources, and net position	$ 150,697,339	$ 198,721,011

The notes to the basic financial statements are an integral part of this statement.

City of Hopkinsville, Kentucky
Statement of Activities
For the Fiscal Year Ended June 30, 2025

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Units
PRIMARY GOVERNMENT						
Governmental activities:						
General government	$ (6,537,574)	$ 4,447,505	$ 558,383	$ -	$ (1,531,686)	$ -
Public safety	(23,009,806)	54,266	9,956,860	-	(12,998,680)	-
Public works	(6,256,243)	733,300	725,883	-	(4,797,060)	-
Community development	(10,719,669)	-	316,134	341,349	(10,062,186)	-
Parks and recreation	(3,459,779)	799,047	591,737	-	(2,068,995)	-
Interest on long-term debt	(1,179,953)	-	-	-	(1,179,953)	-
Total governmental activities	(51,163,024)	6,034,118	12,148,997	341,349	(32,638,560)	-
Total - primary government	$ (51,163,024)	$ 6,034,118	$ 12,148,997	$ 341,349	$ (32,638,560)	$ -
COMPONENT UNITS						
Hopkinsville Water Environment Authority	$ (21,926,464)	$ 23,587,429	$ -	$ 1,608,458	$ -	$ 3,269,423
Hopkinsville Solid Waste Enterprise	(11,283,049)	9,750,236	-	-	-	(1,532,813)
Hopkinsville Surface and Stormwater Utility	(1,634,259)	1,363,684	102,033	-	-	(168,542)
Total - component units	$ (34,843,772)	$ 34,701,349	$ 102,033	$ 1,608,458	$ -	$ 1,568,068
		GENERAL REVENUES				
		Property taxes			$ 6,784,345	$ -
		Occupational taxes			22,514,557	-
		Insurance premium tax			7,654,077	-
		Franchise tax			560,200	-
		Transient room tax			1,112,248	-
		Payments in lieu of taxes			973,888	-
		Investment income			2,164,580	827,370
		Gain on sale of capital assets			105,750	167,573
		Miscellaneous			344,101	806,398
		Total general revenues			42,213,746	1,801,341
		Transfers			-	-
		Total general revenues and transfers			42,213,746	1,801,341
		Change in net position			9,575,186	3,369,409
		Net position (deficit), beginning, as previously reported			(2,583,396)	57,006,134
		Change in accounting principle (GASB 101)			(1,912,108)	(118,445)
		Net position (deficit), beginning, restated			(4,495,504)	56,887,689
		Net position (deficit), ending			$ 5,079,682	$ 60,257,098

The notes to the basic financial statements are an integral part of this statement.

City of Hopkinsville, Kentucky
Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	Fire Station 5 Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Pooled cash and cash equivalents	$ 24,246,929	$ -	$ 3,974,966	$ 28,221,895
Non-pooled cash and cash equivalents	721,993	6,183,281	1,553,620	8,458,894
Investments	1,295,067	-	-	1,295,067
Taxes receivable	3,870,424	-	-	3,870,424
Leases receivable	547,771	-	-	547,771
Loans receivable	-	-	146,317	146,317
Due from component unit	202,591	-	-	202,591
Other receivables	-	-	161,031	161,031
Total assets	$ 30,884,775	$ 6,183,281	$ 5,835,934	$ 42,903,990
LIABILITIES				
LIABILITIES				
Accounts payable	$ 239,323	$ 732,302	$ 9,219	$ 980,844
Accrued salaries	1,238,110	-	-	1,238,110
Transient bond deposits	1,000	-	-	1,000
Total liabilities	1,478,433	732,302	9,219	2,219,954
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from leases	547,771	-	-	547,771
Total deferred inflows of resources	547,771	-	-	547,771
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	621,142	5,025,007	3,984,272	9,630,421
Committed	8,114,264	-	521,045	8,635,309
Assigned	253,227	425,972	1,321,398	2,000,597
Unassigned	19,869,938	-	-	19,869,938
Total fund balances	28,858,571	5,450,979	5,826,715	40,136,265
Total liabilities, deferred inflows of resources, and fund balances	$ 30,884,775	$ 6,183,281	$ 5,835,934	$ 42,903,990

The notes to the basic financial statements are an integral part of this statement.

City of Hopkinsville, Kentucky
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2025

Total fund balance - total governmental funds	$ 40,136,265
Amounts reported for governmental activities in the statement of net position are different because:	
Taxes receivable based on availability criteria; $63,441 property taxes, $190,990 insurance premium taxes, and $140,741 franchise taxes.	395,172
Capital assets of $118,787,271, net of accumulated depreciation of ($56,653,087), are not financial resources and, therefore, are not reported in the funds. See note 4 to financial statements for detail.	62,134,184
Internal service funds are used by management to charge the costs of health insurance to individual funds. Assets and liabilities of the internal service funds of net $728,331 are included in governmental activities in the statement of net position.	728,331
Accrued interest payable	(408,586)
Deferred outflows of resources - bond refinancing charges, amortizable over life of debt	184,880
Deferred outflows and inflows related to the net pension & net OPEB liabilities are not due and payable in the current period and are not reported in individual funds. See notes 7 & 8 to financial statements for detail.	(8,608,672)
Long-term liabilities are not due and payable in the current period and are not reported in the funds. See note 5 to financial statements for detail.	(120,688,642)
Receivables from component units for long-term debt where the City is contingently liable are not reported in the funds.	31,206,750
Net position of governmental activities	$ 5,079,682

The notes to the basic financial statements are an integral part of this statement.

City of Hopkinsville, Kentucky
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General Fund	Fire Station 5 Capital Fund	Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 7,765,280	$ -	$ -	$ -	$ 7,765,280
Licenses and permits	36,044,654	-	-	-	36,044,654
Fines and forfeitures	228,181	-	-	-	228,181
Intergovernmental	6,121,292	-	-	3,706,986	9,828,278
Investment income	1,500,334	317,591	-	169,333	1,987,258
Donations	1,670	-	-	-	1,670
Other revenue	4,382,854	267,476	-	324,079	4,974,409
Total revenues	56,044,265	585,067	-	4,200,398	60,829,730
EXPENDITURES					
Current:					
General government	4,957,143	-	-	14,736	4,971,879
Public safety	25,335,753	22,281	-	988,594	26,346,628
Public works	9,018,679	-	-	161,183	9,179,862
Community development	10,476,301	-	-	529,375	11,005,676
Parks and recreation	2,414,897	-	-	66,795	2,481,692
Debt service:					
Principal	1,577,440	-	-	245,298	1,822,738
Interest	1,094,684	-	-	21,588	1,116,272
Expenditures	80,917	-	-	-	80,917
Capital outlay	398,053	4,315,670	-	5,598,836	10,312,559
Total expenditures	55,353,867	4,337,951	-	7,626,405	67,318,223
Excess (deficiency) of revenues over (under) expenditures	690,398	(3,752,884)	-	(3,426,007)	(6,488,493)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	1,347,880	9,203,863	-	5,778,209	16,329,952
Transfers to other funds	(11,373,416)	-	-	(5,599,855)	(16,973,271)
Issuance of long-term debt and leases	11,575,213	-	-	-	11,575,213
Premium (discount) on bond issue	240,917	-	-	-	240,917
Total other financing sources (uses)	1,790,594	9,203,863	-	178,354	11,172,811
Net change in fund balances	2,480,992	5,450,979	-	(3,247,653)	4,684,318
Fund balances, beginning, as previously presented	26,377,579	-	633,302	8,441,066	35,451,947
Change within financial reporting entity (major to nonmajor fund)	-	-	(633,302)	633,302	-
Fund balances, beginning, restated	26,377,579	-	-	9,074,368	35,451,947
Fund balances, ending	$ 28,858,571	$ 5,450,979	$ -	$ 5,826,715	$ 40,136,265

The notes to the basic financial statements are an integral part of this statement.

City of Hopkinsville, Kentucky
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2025

Net change in fund balances - total governmental funds	$ 4,684,318
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of $10,312,559 exceeded depreciation of ($4,753,910) in the current period.	5,558,649
Issuance of debt is revenue in the governmental funds, but the debt and related premiums increase long-term liabilities in the statement of net position.	(11,816,130)
Debt issued on behalf of component units is an expense in the governmental funds, but the debt to be paid by the component units is a receivable in the statement of net position	3,985,213
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,822,738
Changes in net pension and OPEB liability obligations and related deferred outflows and inflows of resources are an obligation not payable from current year resources and are not reported as an expenditure of the current year. In the statement of activities, these costs represent expenses of the current year.	5,107,039
Internal service funds are used by management to charge the costs of health insurance to individual funds. Net revenue (expense) of internal service funds of $622,687 is reported with governmental activities.	622,687
Certain imposed nonexchange revenues were not recognized in the governmental funds because they were not available at the fiscal year end. The change in this account balance is a reconciling item for this statement.	(102,767)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. These include the increase in compensated absences of ($213,776), increase in accrued interest payable of($118,581), amortization of deferred charges of ($16,789), amortization of net debt premium/(discount) of $71,688, and unrecovered book cost on disposal of assets of ($9,103).	(286,561)
Change in net position of governmental activities	$ 9,575,186

The notes to the basic financial statements are an integral part of this statement.

City of Hopkinsville, Kentucky
Statement of Net Position
Proprietary Fund
June 30, 2025

	Governmental Activities Internal Service Fund
ASSETS	
Current assets:	
Non-pooled cash and cash equivalents	$ 895,789
Other receivables	47,283
Total current assets	943,072
Total assets	$ 943,072
LIABILITIES	
Current liabilities:	
Accounts payable	$ -
Incurred, not yet reported	214,741
Total current liabilities	214,741
Total liabilities	214,741
NET POSITION	
Unrestricted	728,331
Total net position	728,331
Total liabilities and net position	$ 943,072

The notes to the basic financial statements are an integral part of this statement.

City of Hopkinsville, Kentucky
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2025

	Governmental Activities Internal Service Fund
OPERATING REVENUES	
Employee contributions	$ 588,138
Employer contributions	2,377,940
Other income	-
Total operating revenues	2,966,078
OPERATING EXPENSES	
Administrative	235,443
Claims expense	2,774,226
Total operating expenses	3,009,669
Operating income (loss)	(43,591)
NONOPERATING REVENUES (EXPENSES)	
Interest income	22,959
Total nonoperating revenues (expenses)	22,959
Income (loss) before transfers	(20,632)
Transfers in	643,319
Transfers out	-
Total transfers	643,319
Change in net position	622,687
Net position, beginning of year	105,644
Net position, end of year	$ 728,331

The notes to the basic financial statements are an integral part of this statement.

City of Hopkinsville, Kentucky
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2025

	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from employees/employer	$ 2,966,078
Cash receipts (payments) from (to) other sources	(47,283)
Cash payments to vendors	(235,443)
Cash payments for claims	(2,862,527)
Net cash provided by (used in) operating activities	(179,175)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in	643,319
Transfers out	-
Net cash provided by (used in) noncapital financing activities	643,319
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned on investments	22,959
Net cash provided by (used in) investing activities	22,959
Net increase (decrease) in cash and cash equivalents	487,103
Cash and cash equivalents, beginning of year	408,686
Cash and cash equivalents, end of year	$ 895,789
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	
Operating income (loss)	$ (43,591)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in assets:	
Other receivables	(47,283)
Increase (decrease) in liabilities:	
Accounts payable	-
Accrued liabilities	(88,301)
Net cash provided by (used in) operating activities	$ (179,175)

The notes to the basic financial statements are an integral part of this statement.

City of Hopkinsville, Kentucky
Statement of Net Position
Fiduciary Fund
Policemen's and Firefighter's Pension Fund
June 30, 2025

ASSETS	
Cash and cash equivalents	$ 230,920
Investments, at fair value:	
Certificates of deposit	727,909
Corporate bond	23,762
Municipal bonds	213,102
U.S. bond	100,210
Total investments	1,064,983
Total assets	$ 1,295,903
LIABILITIES	
Accounts payable	$ -
Total liabilities	-
NET POSITION	
Net position restricted for pensions	$ 1,295,903

The notes to the basic financial statements are an integral part of this statement.

City of Hopkinsville, Kentucky
Statement of Changes in Net Position
Fiduciary Fund
Policemen's and Firefighter's Pension Fund
For the Fiscal Year Ended June 30, 2025

ADDITIONS	
Contributions:	
Employer	$ 200,000
Investment income:	
Interest and dividends	49,153
Net increase (decrease) in fair value investments	22,288
Net investment income	71,441
Total additions	271,441
DEDUCTIONS	
Benefits paid	201,870
Administrative expenses	20,048
Total deductions	221,918
Net increase (decrease) in net position	49,523
Net position, beginning of year	1,246,380
Net position, end of year	$ 1,295,903

The notes to the basic financial statements are an integral part of this statement.

City of Hopkinsville, Kentucky
Statement of Net Position
Component Units
June 30, 2025

	Major			
	Hopkinsville Water Environment Authority	Hopkinsville Solid Waste Enterprise	Hopkinsville Surface and Stormwater Utility	Total
ASSETS				
Cash and cash equivalents	$ 5,326,971	$ 421,484	$ 2,883,876	$ 8,632,331
Accounts receivable	1,755,461	795,670	72,592	2,623,723
Inventory	456,842	-	-	456,842
Prepaid insurance	29,940	-	-	29,940
Other current assets	121	-	-	121
Notes receivable	32,304	-	-	32,304
Other receivables	582,543	-	87,366	669,909
Other assets	-	-	733,050	733,050
Restricted assets:				
Cash and cash equivalents	2,778,179	1,692,188	4,605,557	9,075,924
Investments	-	-	-	-
Net OPEB asset	305,331	153,767	-	459,098
Capital assets, net of depreciation:				
Land and construction in progress	3,971,848	615,582	2,776,880	7,364,310
Depreciable capital assets	147,911,712	11,436,828	5,569,343	164,917,883
Net capital assets	151,883,560	12,052,410	8,346,223	172,282,193
Total assets	163,151,252	15,115,519	16,728,664	194,995,435
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension	1,980,535	848,397	-	2,828,932
Deferred outflows from OPEB	626,300	232,240	-	858,540
Deferred refunding costs	38,104	-	-	38,104
Total deferred outflows of resources	2,644,939	1,080,637	-	3,725,576
Total assets and deferred outflows of resources	$ 165,796,191	$ 16,196,156	$ 16,728,664	$ 198,721,011

The notes to the basic financial statements are an integral part of this statement.

City of Hopkinsville, Kentucky
Statement of Net Position, continued
Component Units
June 30, 2025

	Major			
	Hopkinsville Water Environment Authority	Hopkinsville Solid Waste Enterprise	Hopkinsville Surface and Stormwater Utility	Total
LIABILITIES				
Accounts payable	$ 592,999	$ 111,407	$ 115,973	$ 820,379
Accrued salaries	276,252	201,088	-	477,340
Accrued interest	146,409	-	72,469	218,878
Construction retainage and contracts payable	532,574	-	-	532,574
Customer deposits	11,700	-	-	11,700
Accrued compensated absences, current portion	458,539	123,278	-	581,817
Current portion of long-term debt	2,720,380	470,828	-	3,191,208
Payable to City of Hopkinsville, current portion	2,314,000	3,352,328	330,000	5,996,328
Long-term liabilities:				
Compensated absences, net of current portion	240,711	698,577	-	939,288
State Revolving Fund loans, net of current portion	73,038,437	-	-	73,038,437
Notes payable, net of current portion	-	-	-	-
Lease payable, net of current portion	-	1,295,305	-	1,295,305
Payable to City of Hopkinsville, net of current portion	4,099,332	4,356,212	8,242,684	16,698,228
Net pension liability	10,545,760	5,310,975	-	15,856,735
Net OPEB liability	-	-	-	-
Accrued landfill closure costs, payable to City of Hopkinsville	-	8,512,194	-	8,512,194
Total liabilities	94,977,093	24,432,192	8,761,126	128,170,411
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - collections in advance	120,233	-	-	120,233
Deferred revenue - USACE	3,738,348	-	-	3,738,348
Deferred inflows from pension	1,178,536	744,288	-	1,922,824
Deferred inflows from OPEB	2,934,474	1,577,623	-	4,512,097
Total deferred inflows of resources	7,971,591	2,321,911	-	10,293,502
NET POSITION				
Net investment in capital assets	69,216,941	2,577,737	5,595,787	77,390,465
Restricted:				
Equipment maintenace and replacement	2,778,179	-	-	2,778,179
Capital projects	-	-	581,556	581,556
Net OPEB asset	305,331	153,767	-	459,098
Unrestricted (deficit)	(9,452,944)	(13,289,451)	1,790,195	(20,952,200)
Total net position (deficit)	62,847,507	(10,557,947)	7,967,538	60,257,098
Total liabilities, deferred inflows of resources, and net position	$ 165,796,191	$ 16,196,156	$ 16,728,664	$ 198,721,011

The notes to the basic financial statements are an integral part of this statement.

City of Hopkinsville, Kentucky
Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Hopkinsville Water Environment Authority	Hopkinsville Solid Waste Enterprise	Hopkinsville Surface and Stormwater Utility	Total
COMPONENT UNITS								
Hopkinsville Water Environment Authority	$ (21,926,464)	$ 23,587,429	$ -	$ 1,608,458	$ 3,269,423	$ -	$ -	$ 3,269,423
Hopkinsville Solid Waste Enterprise	(11,283,049)	9,750,236	-	-	-	(1,532,813)	-	(1,532,813)
Hopkinsville Surface and Stormwater Utility	(1,634,259)	1,363,684	102,033	-	-	-	(168,542)	(168,542)
Total component units	$ (34,843,772)	$ 34,701,349	$ 102,033	$ 1,608,458	$ 3,269,423	$ (1,532,813)	$ (168,542)	$ 1,568,068
GENERAL REVENUES:								
Investment income					$ 380,949	$ 83,141	$ 363,280	$ 827,370
Gain on sale of capital assets					21,416	146,157	-	167,573
Miscellaneous					374,839	431,559	-	806,398
Total general revenues					777,204	660,857	363,280	1,801,341
Change in net position					4,046,627	(871,956)	194,738	3,369,409
Net position (deficit), beginning, as previously reported					58,800,880	(9,567,546)	7,772,800	57,006,134
Change in accounting principle (GASB 101)					-	(118,445)	-	(118,445)
Net position (deficit), beginning, restated					58,800,880	(9,685,991)	7,772,800	56,887,689
Net position (deficit), ending					$ 62,847,507	$ (10,557,947)	$ 7,967,538	$ 60,257,098

The notes to the basic financial statements are an integral part of this statement.

1. Summary of Significant Accounting Policies

The financial statements of the City of Hopkinsville, Kentucky (the City) have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the City's accounting policies are summarized as follows:

A. Reporting Entity

The City of Hopkinsville, Kentucky is a municipal corporation governed by an elected mayor and a twelve-member council. As required by GAAP, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. The City has three discretely presented component units.

Discretely Presented Component Units

The Sewerage and Water Works Commission, doing business as Hopkinsville Water Environment Authority (HWEA), is responsible for sewerage and water services for residents of the City of Hopkinsville, Kentucky, the City of Pembroke, Kentucky, and the City of Crofton, Kentucky. HWEA also provides sewer services to the City of Oak Grove, Kentucky, as well as natural gas services to customers along the US41 corridor. City Council appoints HWEA's governing board and approves the rates for user charges and bond issuance authorizations. The legal liability for the revenue bonds and general obligation portion of HWEA's debt remains with the City. HWEA is presented as a proprietary fund type. Complete financial statements for this individual component unit may be obtained at HWEA's administrative office located at 401 East 9th Street, Hopkinsville, Kentucky 42240.

Hopkinsville Solid Waste Enterprise (Solid Waste) is responsible for the management and operation of the solid waste operations in the City. City Council appoints Solid Waste's governing board and approves the rates for user charges and bond issuance authorizations. The legal liability for the general obligation portion of Solid Waste's debt, a portion of leases payable, and the municipal landfill accrued closure/post-closure costs remains with the City. Solid Waste is presented as a proprietary fund type. Complete financial statements for this individual component unit may be obtained at Solid Waste's administrative office located at 5665 Mt. Zoar Road, Hopkinsville, Kentucky 42240.

Hopkinsville Surface and Stormwater Utility (Stormwater) is responsible for minimizing flooding in the City and for establishing minimum requirements and procedures to control the adverse impacts associated with increased surface and stormwater runoff for City residents. City Council appoints Stormwater's governing board and approves the rates for user charges and bond issuance authorizations. The legal liability for the general obligation portion of Stormwater's debt remains with the City. Stormwater is presented as a proprietary

1. Summary of Significant Accounting Policies, continued

A. Reporting Entity, continued

Discretely Presented Component Units, continued

fund type. Complete financial statements for this individual component unit may be obtained at Stormwater's administrative office located at 711 South Main Street, Hopkinsville, Kentucky 42240.

Joint Ventures

The City has joined with the local government, Christian County, Kentucky (the County), to form organizations for performance of certain activities. These joint ventures are legally separate organizations for which the City has an ongoing financial interest or financial responsibility. The joint ventures are not accumulating significant financial resources or experiencing fiscal stress that would cause an additional financial benefit to or burden on the City in the future. Financial statements may be obtained from the City's Chief Financial Officer. The following lists these joint ventures with the amount of City funding (if any) for the fiscal year ended June 30, 2025:

Agency	City Funding
Hopkinsville-Christian County Ambulance Service District	$ 100,000
Hopkinsville-Christian County Emergency Communications Center	1,151,905
Hopkinsville-Christian County Public Library	341,100

Hopkinsville-Christian County Ambulance Service District had a note payable with the City during the year. See Note 3 regarding a note receivable with this entity.

Jointly Governed Organizations

The City has joined with the County to form organizations for performance of certain activities. These organizations include representative(s) from the City and County, but the City has no financial interest or financial responsibility for them. The following lists these jointly governed organizations with the amount of City funding (if any) for the fiscal year ended June 30, 2025:

Agency	City Funding
Hopkinsville-Christian County Airport Board	$ 34,656
Hopkinsville-Christian County Community Development Services	1,163,000
Hopkinsville-Christian County Conference Center Corporation	45,000
Hopkinsville-Christian County Economic Development Council	170,000
Museums of Historic Hopkinsville-Christian County	35,000

1. Summary of Significant Accounting Policies, continued

A. Reporting Entity, continued

Jointly Governed Organizations, continued

Hopkinsville-Christian County Conference Corporation reimburses the City for current amounts due on bonds payable issued on its behalf; these reimbursements are recorded in the City's revenue. The City received $84,632 of these reimbursements for the year ended June 30, 2025.

Related Organizations

The City is involved in other related organizations where the City appoints the voting majority of the organization's board, but the City does not have financial accountability for them. The following lists these related organizations with the amount of City funding (if any) for the fiscal year ended June 30, 2025:

Agency	City Funding
Christian County-Hopkinsville Local Development Corporation	$ 45,000
Hopkinsville-Christian County Convention & Visitor's Bureau	-
Hopkinsville Electric System	-

Hopkinsville-Christian County Convention & Visitor's Bureau reimburses the City for current amounts due on bonds payable issued on its behalf; these reimbursements are recorded in the City's revenue. The City received $40,663 of these reimbursements for the year ended June 30, 2025.

Hopkinsville-Christian County Convention & Visitor's Bureau also had a note payable with the City during the year. See Note 3 regarding a note receivable with this entity.

B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include all of the non-fiduciary financial activities of the City and its component units.

1. Summary of Significant Accounting Policies, continued

B. Basis of Presentation, continued

Government-Wide Financial Statements, continued

The statement of net position presents the financial condition of the governmental and business-type activities of the City at June 30. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues of the City.

The business-type activities of the City report both operating and nonoperating revenues and expenses. Essentially, all revenues and expenses are operating other than interest, purchase and disposal of capital assets, and transfers of funds to and from other governmental units. The City currently has no business-type activities, except through its component units.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental fund financial statements is on major funds, which are determined by the percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental

1. Summary of Significant Accounting Policies, continued

B. Basis of Presentation, continued

Fund Financial Statements, continued

Governmental Funds, continued

funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities are reported as fund balance. The following are the City's governmental funds:

General Fund – The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law, ordinance or contractual agreement to some other fund are accounted for in this fund. From this fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs that are not paid through other funds. This is always a major fund of the City.

Special Revenue Funds – Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes, and are as follows:

Municipal Road Aid Fund – established to account for state grants restricted for road improvements.

Community Development Block Grant Fund (CDBG) – established to account for grants to the City of Hopkinsville, Kentucky, under the provisions of Title I of the Housing and Community Development Act of 1974. Resources may only be used for activities that are directed toward satisfying the primary objective of developing viable urban communities and expanding economic opportunities, principally for persons of low and moderate income.

Police Incentive Fund – established to account for state money restricted for police department employees who meet certain certified training and receive pay incentives.

Fire Incentive Fund – established to account for state money restricted for fire department employees who meet certain certified training and receive pay incentives.

Urban Development Action Grant Fund (UDAG) – established to account for federal money restricted for loans within the community for development of businesses.

1. Summary of Significant Accounting Policies, continued

B. Basis of Presentation, continued

Fund Financial Statements, continued

Governmental Funds, continued

Special Revenue Funds, continued

Drug Enforcement Fund – established to account for 15% of confiscated funds received through drug deals and other criminal acts and other donations. The money received through this fund is then used for police equipment and supplies.

Expendable Trust Fund – established to account for various cemetery funds with a portion of the revenue retained in this expendable trust fund and the remaining portion being designated to the permanent non-expendable trust fund.

Grants Fund – established to account for various local, state, or federal grants unrelated to general fund operations or other specifically designated funds.

ARPA Fund – established to account for funds received from the Coronavirus State and Local Fiscal Recovery Fund through the American Rescue Plan that can be used for specific eligible uses related to local fiscal recovery.

Capital Projects Funds – Capital projects funds are established to account for the acquisition of capital assets or construction of major capital projects purchased with funds from long-term borrowings, and are as follows:

Capital Fund – established to account for the acquisition of capital assets or construction of major capital projects purchased with funds transferred from the General Fund.

Fire Station 5 Capital Fund – established to account for renovations to the City's new Fire Station 5. This is a major fund of the City for the year ended June 30, 2025.

Permanent Fund – These funds were created by virtue of bequests from certain individuals, with specific requirements regarding the principal and income.

Non-Expendable Trust Fund – established to account for the principal portion of various cemetery funds created by an endowment.

1. Summary of Significant Accounting Policies, continued

B. Basis of Presentation, continued

Fund Financial Statements, continued

Proprietary Funds

Proprietary fund reporting focuses on financial position, changes in net position, and cash flows. The City reports the following proprietary funds, which are classified as either enterprise or internal service.

Enterprise Funds – enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The City does not currently have an enterprise fund, other than through its discretely presented component units. The City previously reported waterpark operations as an enterprise fund; however, this fund was transferred to the General Fund and became part of the parks and recreation department on June 30, 2021.

Internal Service Funds – internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City on a user charge basis. The City reports the following as an internal service fund:

Health Insurance Fund – established to serve all other funds as a self-insured employees' healthcare plan.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City for individuals, private organizations or other governments, and are therefore not available to support the City's own programs.

Policemen's and Firefighter's Pension Fund (PFPF) – this is a contributory defined benefit plan, created by ordinance under Kentucky Revised Statutes (KRS) Sections 98.851 to 98.885. It covers former employees of the City of Hopkinsville police and fire departments who did not elect coverage through the County Employees Retirement Systems' plan.

1. Summary of Significant Accounting Policies, continued

B. Basis of Presentation, continued

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments. Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements and financial statements of City component units also report using this same measurement focus although internal activity is not eliminated in these statements. All assets and all liabilities associated with the operation of the City are included on the statement of net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financial sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

This approach differs from the manner in which government-wide statements are presented; therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the activity of these funds are included on their statement of net position. Proprietary funds report revenues and expenses on the statement of revenues, expenses, and changes in net position; fiduciary funds report revenues and expenses on the statement of changes in net position. These statements reflect revenues when they are earned and expenses when a liability is incurred, regardless of the timing of related cash flows. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition

1. Summary of Significant Accounting Policies, continued

B. Basis of Presentation, continued

Basis of Accounting, continued

of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

For all proprietary fund types, it is required that the statement of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are revenues generated or expenses incurred from providing goods and services. Nonoperating revenues are those not derived from the basic operations of a business. Nonoperating expenses are expenses incurred in the performance of activities not directly related to supplying the basic service of the entity.

C. Assets, Liabilities, and Fund Equity

Deposits and Investments

Cash balances of the City's funds are pooled and invested. Interest earned from investments purchased with pooled cash is allocated to the various funds based on the fund's average cash balance. Funds with negative cash balances are not charged interest.

Investments are reported at fair value in all funds. Fair values are obtained from market quotations on the last business day of the fiscal year.

For presentation on the financial statements, investments with original maturities of three months or less at the time they are purchased by the City are considered cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

Receivables

Receivables are amounts due representing revenues earned or accrued in the current period. Taxes receivable include property taxes, payroll taxes, insurance premium taxes, and other similar taxes. Accounts receivable are uncollected charges for services to customers by component units. Leases receivable include the net present values of leases where the City is the lessor. Other receivables include interlocal notes receivable and intergovernmental or grant receivables.

Inventory

Inventory of HWEA is stated at cost. Inventory consists of supplies and parts used in the operation of HWEA's treatment plants and for the maintenance of sewers, fleet vehicles, and other related equipment.

1. Summary of Significant Accounting Policies, continued

C. Assets, Liabilities, and Fund Equity, continued

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid expenses.

Restricted Assets

Restricted assets for the City consist of debt proceeds which were loaned to the City for various construction projects, grants received for specific purposes, cash and investments that are in trust funds not available to be used by the City, and amounts owed by component units to the City for outstanding debt that was issued by the City on behalf of the component unit.

Restricted assets for HWEA consist of funds set aside to meet reserve requirements associated with loans with the Kentucky Infrastructure Authority.

Restricted assets for Solid Waste consist of cash placed in accounts for capital projects and to comply with state laws for funding landfill closure and postclosure costs.

Restricted assets for Stormwater consist of cash and cash equivalents accounts for the acquisition, construction, and installation of surface and stormwater projects within the City.

Capital Assets

General capital assets are long-lived assets of the City as a whole. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. The City maintains a capitalization threshold of $5,000.

All reported capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure are estimated based on the City's historical records of necessary improvements and replacement. Right-to-use assets are amortized over the life of the related lease.

1. Summary of Significant Accounting Policies, continued

C. Assets, Liabilities, and Fund Equity, continued

Capital Assets, continued

Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land	N/A
Buildings and Improvements	15-50 Years
Equipment	5-30 Years
Right-to-Use Equipment	5 Years
Infrastructure	20-40 Years
Land Improvements	10-40 Years
Vehicles	5-7 Years

The City's infrastructure consists of pavements, storm sewers, water lines, sanitary sewers, and natural gas lines.

Other Assets

Stormwater periodically purchases easements that limit the allowable uses of the related property. All easements acquired are recorded as other assets in the statement of net position. Costs incurred in obtaining the easements are recorded as current expenses. Easements purchased are recorded at the estimated value given up by the land owner by restricting the use of property with the easement. These easements lack a finite period of time that would be considered the term of the agreement. Stormwater had $733,050 of land easements as of June 30, 2025.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due To/Due From Other Funds". These amounts are eliminated in the governmental activities column of the statement of net position.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities are liabilities that, once incurred, are paid in a timely manner and in full from current financial resources. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, notes, leases, and other long-term liabilities are recognized as a liability on the fund financial statements when due.

1. Summary of Significant Accounting Policies, continued

C. Assets, Liabilities, and Fund Equity, continued

Bond Premiums, Discounts, and Issuance Costs

In the government-wide financial statements, bond premiums and discounts are netted against the corresponding liability on the statement of net position, and those premiums and discounts are amortized over the term of the bonds using the straight-line method, which approximates the effective interest rate. In the general fund financial statements, bond premiums and discounts are recognized in the current period. In both the government-wide financial statements and the general fund financial statements, bond issuance costs are expensed as incurred.

Leases

Lessor Activity

The City records a lease receivable for the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for an equal amount at the initiation of the lease. The deferred inflow of resources is amortized on the straight-line basis over the term of the lease.

Lessee Activity

The City records a lease payable for the present value of lease payments expected to be paid during the lease term. The related capital or right-to-use asset is recorded for an equal amount. If ownership is to be transferred at the end of the lease, the capital asset is depreciated over the estimated useful life of the asset. If ownership is not to be transferred at the end of the lease, the right-to-use asset is amortized over the term of the lease.

Pensions and Other Postemployment Benefits (OPEB)

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

1. Summary of Significant Accounting Policies, continued

C. Assets, Liabilities, and Fund Equity, continued

Compensated Absences

The City accrues vacation and sick leave benefits as earned by its employees if the leave is attributable to past service and it is more likely than not that the City will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. The City accrued these benefits for those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future. These benefits were measured using the pay rates in effect at the end of the fiscal year.

In addition, qualified participants in the County Employees Retirement Systems (CERS), under certain circumstances, are eligible to convert accrued sick pay benefits into additional credit for years of service upon retirement. Costs and notification of payment for these benefits are not calculated by the CERS actuary until a qualified participant submits an application for retirement benefits. The City has included this in their estimates for compensated absences

The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the liability is not reported unless the compensated absences have matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement). The proprietary funds report the liability as it is incurred.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until then.

Deferred Revenue

On the accrual basis of accounting, deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

1. Summary of Significant Accounting Policies, continued

C. Assets, Liabilities, and Fund Equity, continued

Net Position

Net position represents the sum of assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- *Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- *Restricted* – This component of net position consists of amounts with restrictions placed on net position through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

- *Unrestricted* – This component of net position consists of amounts that do not meet the definition of “restricted” or “net investment in capital assets”.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City typically uses restricted resources first, but reserves the right to selectively use unrestricted resources first to defer the use of restricted resources.

Deficit Net Position

The City had deficit unrestricted net position of ($28,403,076) at June 30, 2025. This deficit is primarily due to the accrual of both the net pension liability and the net OPEB liability. The City expects results from future operations to fund such deficits.

HWEA had deficit unrestricted net position of ($9,452,944) at June 30, 2025. This deficit is primarily due to the accrual of both the net pension liability and the net OPEB liability. HWEA expects results from future operations to fund such deficits.

Solid Waste had deficit unrestricted net position of ($13,289,451) at June 30, 2025. This deficit is primarily due to the accrual of landfill closure/post-closure costs, the net pension liability, and the net OPEB liability. Solid Waste expects results from future operations to fund such deficits.

1. Summary of Significant Accounting Policies, continued

C. Assets, Liabilities, and Fund Equity, continued

Fund Balance

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance* – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

- *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or enabling legislation.

- *Committed fund balance* – amounts constrained to specific purposes by the City itself, by ordinance approved by City Council. To be reported as committed, amounts cannot be used for any other purpose unless the City takes action to remove or change the constraint.

- *Assigned fund balance* – amounts the City intends to use for a specific purpose (such as encumbrances), but are neither restricted nor committed. Intent is expressed by the City Council or by any other official or body to which the City Council has delegated the authority to assign amounts to be used for a specific purpose.

- *Unassigned fund balance* – amounts that are available for any purpose. The General Fund is the only governmental fund which reports an unassigned fund balance.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or municipal order. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt service, or for other purposes).

The City typically uses restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

The City strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 25% of the actual GAAP (generally accepted accounting principles) basis expenditures and other financing sources and uses.

1. Summary of Significant Accounting Policies, continued

D. Revenues, Expenditures, and Expenses

Revenues – Exchange and Non-Exchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis (for government-wide financial statements) when the exchange takes place. On the modified accrual basis (for governmental fund financial statements), revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within thirty days of June 30.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, franchise taxes, occupational licenses, grants, entitlements, and donations. The City considers property taxes as available if they are collected within thirty days after June 30. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements in which the City must provide local resources to be used for a specified purpose, and expenditure requirements in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis (for governmental fund financial statements), revenue from non-exchange transactions must also be available before it can be recognized.

The revenues susceptible to accrual are taxes and intergovernmental revenues. All other revenues are considered to be measurable and available only when the City receives cash.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Interfund Activity

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 to the funds that initially paid for them are not presented on the financial statements.

1. Summary of Significant Accounting Policies, continued

E. Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that will affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

F. Budgetary Information

Annual budgets are adopted for the General Fund, Municipal Road Aid Fund, and Capital Fund on the modified accrual basis. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the use of resources are reflected in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in funds for which annual budgets have been adopted.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) outstanding at June 30 are included in restricted, committed, or assigned fund balance, as appropriate, and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

2. Deposits and Investments

Deposits

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and all highly liquid investments (including restricted assets) with a maturity of three months or less from the date of acquisition.

Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of a bank's failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires banks doing business with the City to pledge securities in an amount to exceed uninsured funds on deposit by the City.

As of June 30, 2025, the City, HWEA, Solid Waste, and Stormwater did not have any deposited funds exposed to custodial credit risk.

2. Deposits and Investments, continued

Investments

Custodial Credit Risk

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and if held by either a counterparty or a counterparty's trust department or agent, but not in the government's name.

As of June 30, 2025, none of the City's investments were subject to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has no investment policy that limits its investment choices other than the limitations of Kentucky Revised Statute 66.480 that permits the City to invest in U.S. Treasury obligations, U.S. Agency obligations, certain federal instruments, repurchase agreements, commercial bank certificates of deposit, savings and loan deposits, and the Commonwealth of Kentucky investment pool.

Concentration of Credit Risk

The City places no limit on the amount that may be invested in any one issuer. The City's investments are in certificates of deposit, mutual funds, corporate bonds, municipal bonds, and US government securities; all of these types of investments are specifically excluded from this type of risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

2. Deposits and Investments, continued

Investments, continued

The investments for City of Hopkinsville consisted of the following as of June 30, 2025:

Types of Investments:	Fair Value/ Carrying Value	Average Credit Rating*	Average Maturity
Primary Government:			
Certificates of deposit	$ 42,969	N/A	.20 Years
Mutual funds	1,252,098	N/A	N/A
Total primary government investments	$ 1,295,067		
Pension Trust Fund:			
Certificates of deposit	$ 727,909	N/A	2.75 Years
Corporate bonds	23,762	AA-	3.20 Years
Municipal bonds	213,102	AA-AAA	1.80 Years
U.S. bonds	100,210	A-1+-AA+	4.42 Years
Total pension trust fund investments	$ 1,064,983		

*N/A means a credit rating was not available; N/R means a credit rating was not required.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The asset's fair value measurement within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not an indication of risk associated with those securities.

Mutual funds and bonds classified as Level 1 are valued using prices quoted in active marks for those securities. Certificates of deposit classified as Level 2 are valued using broker quotes that utilize observable market inputs.

2. Deposits and Investments, continued

Investments, continued

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

		Fair Value Measurements Using:		
Types of Investments:	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Primary Government:				
Certificates of deposit	$ 42,969	$ -	$ 42,969	$ -
Mutual funds	1,252,098	1,252,098	-	-
Total primary government	$1,295,067	$ 1,252,098	$ 42,969	$ -
Pension Trust Fund:				
Certificates of deposit	$ 727,909	$ -	$727,909	$ -
Corporate bonds	23,762	23,762	-	-
Municipal bonds	213,102	213,102	-	-
U.S. bond	100,210	100,210	-	-
Total pension trust fund	$1,064,983	$ 337,074	$727,909	$ -

Restricted Assets

Debt issued in the City's name on behalf of component units and the accrued landfill closure/post-closure costs liability are reported as debt both by the City and the component unit, with an offsetting receivable in restricted assets on the City's statement of net position for the amount owed by the component unit. The City also has restricted assets for debt proceeds loaned to the City for various construction projects, federal funds received for specific purposes, and cash and investments that are in expendable and non-expendable trust funds that are not available to be used.

2. Deposits and Investments, continued

Restricted Assets, continued

The balances of the City's restricted asset accounts are as follows as of June 30, 2025:

Due from component units:	
Hopkinsville Water Environment Authority	$ 6,413,332
Hopkinsville Solid Waste Enterprise	16,220,734
Hopkinsville Surface & Stormwater Utility	8,572,684
Total – due from component units	$ 31,206,750
Temporarily restricted:	
ARPA proceeds in checking	$ 431,962
Fire Station 5 Remodel in checking	6,183,281
Opioid settlements in checking	621,142
Expendable trust checking	213,063
Total – temporarily restricted	$ 7,449,448
Permanently restricted:	
Non-expendable trust checking	$ 555,022
Investments, non-expendable trust	-
Total – permanently restricted	$ 555,022

HWEA's restricted assets consist of the equipment maintenance and replacement fund and includes funds set aside to meet reserve requirements associated with loans with the Kentucky Infrastructure Authority.

The balance of HWEA's restricted asset account is as follows as of June 30, 2025:

Equipment maintenance and replacement, cash	$ 2,778,179
Total restricted assets - HWEA	$ 2,778,179

Solid Waste's restricted assets consist of capital reserve funds set aside for larger capital purchases and improvements and landfill closure costs funds set aside to comply with state law for funding future landfill closure/post-closure costs.

The balances of Solid Waste's restricted asset accounts are as follows as of June 30, 2025:

Capital reserve, cash	$ 1,274,615
Landfill closure costs, cash	417,573
Total restricted assets - Solid Waste	$ 1,692,188

2. Deposits and Investments, continued

Restricted Assets, continued

Stormwater's restricted assets consist of funds held for use in certain surface and stormwater projects.

The balances of Stormwater's restricted asset accounts are as follows as of June 30, 2025:

Unspent debt proceeds, cash	$ 4,605,557
Total restricted assets - Stormwater	$ 4,605,557

3. Receivables

Taxes Receivable

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. These taxes are levied annually by ordinance, generally in September, and are payable by December 31. The City bills and collects its own property taxes, with the exception of vehicle taxes which are billed and collected by the Christian County Clerk and remitted to the City each month based upon collections in the previous months. Property tax bills are considered past due after December 31, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Other Taxes Receivable

Other receivables include payroll taxes, insurance premium taxes, and other similar taxes that are considered available at year end.

Accounts Receivable

HWEA's net customer receivables included the following as of June 30, 2025:

Customer accounts receivable	$ 1,533,465
Miscellaneous receivables	221,996
Total customer receivables - HWEA	$ 1,755,461

Uncollectible accounts are written off as bad debts in the period in which, in management's opinion, collection is unlikely. Normally, all accounts over 90 days old are written off as bad debts. Net bad debt expense (income) was $200,714 for the year ended June 30, 2025.

3. Receivables, continued

Accounts Receivable, continued

Solid Waste's net customer receivables included the following as of June 30, 2025:

Customer accounts receivable	$ 822,588
Allowance for uncollectible accounts	(26,918)
Total customer receivables - Solid Waste	$ 795,670

The allowance for uncollectible accounts is based on outstanding account balances in excess of 90 days. Uncollectible accounts are written off as bad debts in the period in which, in management's opinion, collection is unlikely. Net bad debt expense (income) was $4,357 for the year ended June 30, 2025.

Stormwater's net customer receivables included the following as of June 30, 2025:

Customer accounts receivable	$ 76,412
Allowance for uncollectible accounts	(3,820)
Total customer receivables - Stormwater	$ 72,592

The allowance for uncollectible accounts is based on collection rates of similar organizations in the industry. Net bad debt expense (income) was ($807) for the year ended June 30, 2025.

Leases Receivable/Deferred Lease Revenue

Leases receivable and deferred inflows of resources related to lease revenue are recorded when the City leases property to others.

See Note 6 regarding leases receivable.

Notes Receivable

The City makes various loans through its Urban Development Action Grant (UDAG) special revenue fund. This fund had the following loans during the year ended June 30, 2025:

The City granted BWM Property I, LLC $175,000 from the UDAG fund in May 2015 to assist with funding the demolition of the Welcome Inn, which was uninhabitable and a potential health and safety hazard; the development of the property would increase net profits, occupational license fee revenues, and enhance overall economic prosperity in the community. Repayment to the fund is made with the revenue generated from occupational license fees from new positions and incremental property tax increases from the project. The City received $16,697 in these types of payments during the year ended June 30, 2025. This note was paid in full during the year ended June 30, 2025.

3. Receivables, continued

Notes Receivable, continued

The City loaned the Hopkinsville Industrial Foundation, Inc. $350,000 from the UDAG fund in May 2018 to assist with the purchase and improvements of real estate for a manufacturing facility. The note is to be repaid in quarterly installments of $9,439 over ten years, beginning September 2019 and ending in June 2029, at an annual interest rate of 1.50%. The City received $35,230 in principal payments and $2,526 in interest during the year ended June 30, 2025. The balance on this note at June 30, 2025 was $146,317.

The City loaned the Hopkinsville-Christian County Ambulance Service District, a joint venture, $500,000 from the UDAG fund in April 2024 to assist with cash flow problems associated with their third-party billing company. If the loan was repaid within one year, the City agreed to forgo any interest. In the event that the loan is not repaid within one year, the Ambulance Service District would pay 5.00% interest. This note was paid in full during the year ended June 30, 2025.

HWEA has a note receivable from the Hopkinsville Industrial Foundation for the installation of sewer lines in the industrial park, due in semi-annual installments including interest at 1.00%, due April 2027. The balance of this receivable was $32,304 at June 30, 2025.

Other Receivables/Deferred Revenues

During the year ended June 30, 2015, HWEA entered into an agreement with the U.S. Army Corps of Engineers (USACE) to design and construct a water line to serve the Fort Campbell Army Post with a redundant connection for domestic water. This construction project was to be financed with loans from a local bank; but, once complete, HWEA was to be reimbursed for the full amount of the project over a ten-year period by USACE. As a result of this arrangement, HWEA recorded a separate receivable (with deferred revenue offsetting the receivable) for the amount of funds drawn on the loan. Upon reimbursement by USACE, HWEA would begin to write down the other receivable and amortize to revenue the deferred revenue over the same period of time the underlying assets are being depreciated.

During the year ended June 30, 2018, the water line project described above was completed, the line of credit associated with that particular project was closed out, and USACE began repaying HWEA. The first installment payment was a lump sum payment of $2,499,906 followed by regular monthly installments. USACE is currently making monthly installment payments of $24,325 including interest at 4.00%, due in August 2027. The balance of this other receivable was $582,543 at June 30, 2025. Deferred revenue associated with this water line project is also being amortized now that the project has been completed and put into service. For the year ended June 30, 2025, $143,587 was amortized to miscellaneous revenue. The balance of this deferred revenue account was $3,738,348 at June 30, 2025.

4. Capital Assets

A summary of City governmental activities property, plant and equipment activity for the year ended June 30, 2025, is as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 2,200,850	$ 259,200	$ -	$ 2,460,050
Construction in Progress	6,029,326	4,896,851	5,865,797	5,060,380
Total Capital Assets Not Being Depreciated	8,230,176	5,156,051	5,865,797	7,520,430
Capital Assets Being Depreciated:				
Buildings and Improvements	38,074,612	161,099	1,350	38,234,361
Equipment	10,980,352	896,017	454,828	11,421,541
Right-to-Use Equipment	288,885	-	-	288,885
Infrastructure	26,940,947	7,856,870	-	34,797,817
Land Improvements	16,689,619	113,657	-	16,803,276
Vehicles	7,810,272	1,994,663	83,974	9,720,961
Total Capital Assets Being Depreciated	100,784,687	11,022,306	540,152	111,266,841
Less Accumulated Depreciation:				
Buildings and Improvements	12,110,569	1,260,762	1,350	13,369,981
Equipment	6,884,427	1,037,025	445,729	7,475,723
Right-to-Use Equipment	28,888	57,777	-	86,665
Infrastructure	19,061,863	871,126	-	19,932,989
Land Improvements	8,651,803	799,184	-	9,450,987
Vehicles	5,692,680	728,036	83,974	6,336,742
Total Accumulated Depreciation	52,430,230	4,753,910	531,053	56,653,087
Total	$ 56,584,633	$ 11,424,447	$ 5,874,896	$ 62,134,184

Deletions represent a disposition of surplus assets sold or no longer in use or the reclassification of completed construction in progress to an addition in capital assets being depreciated.

Depreciation expense charged to governmental activities for the year ended June 30, 2025 was as follows:

General Government	$ 510,658
Public Safety	1,295,734
Public Works	1,119,644
Community Development	832,880
Parks and Recreation	994,994
Total depreciation expense	$4,753,910

4. Capital Assets, continued

A summary of HWEA's business-type activities property, plant and equipment activity for the year ended June 30, 2025, is as follows:

Business-type Activities:	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital Assets Not Being Depreciated:				
Land	$ 1,571,840	$ -	$ -	$ 1,571,840
Construction in Progress	47,228,285	9,282,738	54,111,015	2,400,008
Total Capital Assets Not Being Depreciated	48,800,125	9,282,738	54,111,015	3,971,848
Capital Assets Being Depreciated:				
Structures and Improvements	188,461,616	56,059,622	12,581,440	231,939,798
Equipment	8,703,904	596,912	56,442	9,244,374
Vehicles	2,231,549	122,077	49,453	2,304,173
Total Capital Assets Being Depreciated	199,397,069	56,778,611	12,687,335	243,488,345
Less Accumulated Depreciation:				
Structures and Improvements	94,893,472	5,007,617	12,579,958	87,321,131
Equipment	6,315,051	465,747	40,810	6,739,988
Vehicles	1,368,096	196,871	49,453	1,515,514
Total Accumulated Depreciation	102,576,619	5,670,235	12,670,221	95,576,633
Total - HWEA	$ 145,620,575	$ 60,391,114	$ 54,128,129	$ 151,883,560

Depreciation expense for HWEA for the year ended June 30, 2025 was $5,670,235.

4. Capital Assets, continued

A summary of Solid Waste business-type activities property, plant and equipment activity for the year ended June 30, 2025, is as follows:

Business-type Activities	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital Assets Not Being Depreciated:				
Land	$ 615,582	$ -	$ -	$ 615,582
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	615,582	-	-	615,582
Capital Assets Being Depreciated:				
Buildings and Improvements	3,101,402	-	-	3,101,402
Equipment	12,592,918	4,285,672	5,368,809	11,509,781
Land Improvements	5,924,176	-	-	5,924,176
Total Capital Assets Being Depreciated	21,618,496	4,285,672	5,368,809	20,535,359
Less Accumulated Depreciation:				
Buildings and Improvements	673,189	112,418	-	785,607
Equipment	4,726,384	1,792,327	1,298,997	5,219,714
Land Improvements	2,696,445	396,765	-	3,093,210
Total Accumulated Depreciation	8,096,018	2,301,510	1,298,997	9,098,531
Total - Solid Waste	$ 14,138,060	$ 1,984,162	$ 4,069,812	$ 12,052,410

Depreciation expense for Solid Waste for the year ended June 30, 2025 was $2,301,510.

A summary of Stormwater business-type activities property, plant and equipment activity for the year ended June 30, 2025, is as follows:

Business-type Activities	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital Assets Not Being Depreciated:				
Land	$ 1,058,283	$ -	$ -	$ 1,058,283
Construction in Progress	1,718,597	-	-	1,718,597
Total Capital Assets Not Being Depreciated	2,776,880	-	-	2,776,880
Capital Assets Being Depreciated:				
Infrastructure	9,558,097	3,316	-	9,561,413
Less Accumulated Depreciation:				
Infrastructure	3,607,885	384,185	-	3,992,070
Total - Stormwater	$ 8,727,092	$ (380,869)	$ -	$ 8,346,223

Depreciation expense for Stormwater for the year ended June 30, 2025 was $384,185.

5. Long-Term Obligations

During the year ended June 30, 2025, the following changes occurred in long-term liabilities:

	Principal Outstanding July 1, 2024	Additions	Reductions	Principal Outstanding June 30, 2025	Due Within One Year
Governmental Activities:					
General Obligation Bonds-City	$ 28,505,000	$ 7,590,000	$ 1,520,000	$ 34,575,000	$ 1,655,000
General Obligation Bonds- on behalf of component units	19,397,083	-	2,555,000	16,842,083	2,605,000
Revenue Bond- on behalf of component unit	1,249,000	-	205,000	1,044,000	214,000
Notes Payable-City	770,298	-	245,298	525,000	75,000
Leases Payable-City	231,778	-	57,440	174,338	57,775
Leases Payable- on behalf of component unit	4,415,461	3,985,214	3,774,577	4,626,098	3,177,328
Plus: Unamortized Premium-City	805,296	240,917	72,754	973,459	-
Plus: Unamortized Premium- on behalf of component units	350,484	-	165,608	184,876	-
Less: Unamortized Discount-City	(19,725)	-	(1,066)	(18,659)	-
Less: Unamortized Discount- on behalf of component units	(3,016)	-	(516)	(2,500)	-
Total long-term debt	55,701,659	11,816,131	8,594,095	58,923,695	7,784,103
Compensated Absences	3,521,566	418,318	204,542	3,735,342	373,534*
Net Pension Liability (CERS)	49,246,569	4,480,138	5,823,433	47,903,274	-
Net Pension Liability (PFPF)	442,871	250,369	200,000	493,240	-
Net OPEB Liability	1,451,293	40,295	370,691	1,120,897	-
Accrued landfill closure/post-closure costs, on behalf of component unit	7,389,057	1,123,137	-	8,512,194	-
Total Governmental Activities	$117,753,015	$18,128,388	$15,192,761	$ 120,688,642	$8,157,637

*****The amount projected as due within one year for compensated absences is an estimate; the variables that determine these amounts cannot be absolutely determined and are out of the control of the City's management.

5. Long-Term Obligations, continued

During the year ended June 30, 2025, the following changes occurred in the component units' long-term liabilities:

	Principal Outstanding July 1, 2024	Additions	Reductions	Principal Outstanding June 30, 2025	Due Within One Year
Business-type Activities-HWEA:					
Notes Payable-SRF loans	$70,568,974	$ 7,991,442	$ 2,801,599	$ 75,758,817	$2,720,380
Payable to City of Hopkinsville:					
Revenue Bond	1,249,000	-	205,000	1,044,000	214,000
General Obligation Bonds	7,305,000	-	2,060,000	5,245,000	2,100,000
Plus: Unamortized Premium	289,703	-	162,871	126,832	-
Less: Unamortized Discount	(3,016)	-	(516)	(2,500)	-
Total long-term debt	79,409,661	7,991,442	5,228,954	82,172,149	5,034,380
Compensated Absences	701,094	356,962	358,806	699,250	458,539*
Net Pension Liability	10,805,978	-	260,218	10,545,760	-
Net OPEB Liability	-	-	-	-	-
Total Business-type Activities-HWEA	$90,916,733	$ 8,348,404	$ 5,847,978	$ 93,417,159	$5,492,919
Business-type Activities-Solid Waste:					
Leases Payable	$ 2,191,368	$ -	$ 425,235	$ 1,766,133	$ 470,828
Payable to City of Hopkinsville:					
General Obligation Bonds	3,247,083	-	175,000	3,072,083	175,000
Leases Payable	4,415,462	3,985,213	3,774,577	4,626,098	3,177,328
Plus: Unamortized Premium	11,103	-	744	10,359	-
Total long-term debt	9,865,016	3,985,213	4,375,556	9,474,673	3,823,156
Compensated Absences	727,538	94,317	-	821,855	123,278*
Net Pension Liability	5,809,956	-	498,981	5,310,975	-
Net OPEB Liability	-	-	-	-	-
Accrued landfill closure/post-closure costs, payable to City	7,389,057	1,123,137	-	8,512,194	-
Total Business-type Activities-Solid Waste	$23,791,567	$ 5,202,667	$4,874,537	$ 24,119,697	$3,946,434

5. Long-Term Obligations, continued

	Principal Outstanding July 1, 2024	Additions	Reductions	Principal Outstanding June 30, 2025	Due Within One Year
Business-type Activities-Stormwater:					
Payable to City of Hopkinsville:					
General Obligation Bonds	$ 8,845,000	$ -	$ 320,000	$ 8,525,000	$ 330,000
Plus: Unamortized Premium	49,677	-	1,993	47,684	-
Total Business-type Activities-Stormwater	$ 8,894,677	$ -	$ 321,993	$ 8,572,684	$ 330,000
Total Business-type Activities-Component Units	$123,602,977	$ 13,551,071	$11,044,508	$126,109,540	$9,769,353

For governmental activities, net pension liability (CERS), net pension liability (PFPF), and net OPEB asset/liability (CERS) are liquidated by the general fund.

General Obligation Bonds

All general obligation bonds are secured by the full taxing authority of the City.

During the year ended June 30, 2014, the City issued general obligation bonds (Series 2013C) for $3,965,000 for the construction of a City administration building and the renovation of the previous City administration building to become the police department. This obligation matures in 2038 with interest rates ranging from 2.00% to 3.75%. Interest is due in semi-annual installments.

During the year ended June 30, 2015, the City issued general obligation bonds (Series 2014A) for $2,545,000 for the financing of the City's portion of a conference center tax increment financing (TIF), the U.S. Smokeless Tobacco project, and a visitors' center. This obligation matures in 2034 with interest rates ranging from 2.00% to 3.25%. Interest is due in semi-annual installments.

During the year ended June 30, 2017, the City issued general obligation bonds (Series 2016) for $2,970,000 to finance a grant to Thompson Thrift Development, Inc. for the construction of the retail development, Hopkinsville Towne Center. This obligation matures in 2038 with interest rates ranging from 2.00% to 3.00%. Interest is due in semi-annual installments.

During the year ended June 30, 2018, the City issued general obligation bonds (Series 2017) for $7,335,000 to finance the WINS and Convention Center projects. This obligation matures in 2042 with interest rates ranging from 2.00% to 3.25%. Interest is due in semi-annual installments.

5. Long-Term Obligations, continued

General Obligation Bonds, continued

During the year ended June 30, 2019, the City issued general obligation bonds (Series 2018) for $3,500,000 to finance Phase 2 of the WINS projects. This obligation matures in 2044 with interest rates ranging from 3.00% to 3.625%. Interest is due in semi-annual installments.

During the year ended June 30, 2019, the City issued general obligation bonds (Series 2019) for $995,000 to finance the renovation and relocation of the Probation and Parole office. This obligation matures in 2039 with interest rates ranging from 2.00% to 3.50%. Interest is due in semi-annual installments.

During the year ended June 30, 2022, the City issued general obligation refunding bonds (Series 2021A) for $1,835,000 to refinance the 2011A bond issue for the acquisition and construction of Tie Breaker Family Aquatic Center, the Public Works Complex, and renovations at Gander Park, as well as for improvements to the Old First City Bank Building. This obligation matures in 2035 with interest rates ranging from 1.25% to 2.00%. Interest is due in semi-annual installments.

During the year ended June 30, 2022, the City issued general obligation refunding bonds (Series 2021B) for $6,240,000 to refinance the 2011B bond issue for the construction of a City administration building and the renovation of the previous City administration building to become the police department. This obligation matures in 2037 with interest rates ranging from 2.00% to 4.00%. Interest is due in semi-annual installments.

During the year ended June 30, 2023, the City issued general obligation bonds (Series 2022B) for $3,620,000 to finance the costs of the acquisition of 65 acres of land to be used in the development of a new industrial facility to be utilized in the manufacture of electronic vehicle batteries and a grant, the proceeds of which will be used to pay the costs of site preparation and improvements for the land on which the facility will be located. This obligation matures in 2042 with interest rates ranging from 4.00% to 5.00%. Interest is due in semi-annual installments.

During the year ended June 30, 2023, the City issued general obligation bonds (Series 2023A) for $2,395,000 to finance the costs of the acquisition of a parcel of real estate consisting of approximately 10 acres of land with a single-story industrial building to be converted into a new firehouse. This obligation matures in 2033 with interest rates ranging from 4.00% to 5.00%. Interest is due in semi-annual installments.

During the year ended June 30, 2025, the City issued general obligation bonds (Series 2024A) for $7,590,000 to finance the renovation costs to the City's new Fire Station 5 and an economic project for a large manufacturing facility. This obligation matures in 2044 with interest rates ranging from 4.00% to 5.00%. Interest is due in semi-annual installments.

5. Long-Term Obligations, continued

General Obligation Bonds, continued

The following are general obligation bonds issued by the City on behalf of component units, all of which are secured by the full taxing authority of the City:

During the year ended June 30, 2014, the City, on behalf of Stormwater, issued general obligation refunding bonds (Series 2013A) for $4,635,000 for the purpose of refinancing the 2009 KLC Bond for the acquisition, construction and installation of surface and stormwater projects within the City. This bond has a fixed interest rate of 2.00% and matures in 2038.

During the year ended June 30, 2014, the City, on behalf of HWEA, issued general obligation bonds (Series 2013B) for $3,520,000 for the purpose of constructing a 2MG water tank and water mains along Eagle Way Bypass and US-41A and to pay other allowable expenditures including issuance costs. This obligation matures in 2034 with interest rates ranging from 2.00% to 4.50%. Interest is due in semi-annual installments.

During the year ended June 30, 2015, the City, on behalf of HWEA, issued tax-exempt general obligation bonds (Series 2014B) for $1,700,000 for the purpose of helping finance the acquisition, construction, installation, and equipping of the Phase I Natural Gas Line and to pay other allowable expenditures including issuance costs. This obligation matures in 2038 with interest rates ranging from 1.50% to 3.625%. Interest is due in semi-annual installments.

During the year ended June 30, 2015, the City, on behalf of HWEA, issued tax-exempt general obligation bonds (Series 2014C) for $1,620,000 to currently refund and redeem the outstanding Kentucky Rural Water Finance Corporation revenue bonds dated March 3, 2004 and April 27, 2004 (Series 2001H and 2004B maturing in 2025 and 2029, respectively), the proceeds of which financed the acquisition, construction, installation, and equipping of extensions, additions, and improvements to the Oak Grove system. (These revenue bonds were assumed by HWEA upon HWEA's acquisition of the Oak Grove sewer system during the year ended June 30, 2008.) The Series 2014C general obligation bonds were also issued to pay other allowable expenditures including issuance costs. This current refunding took place to achieve debt service savings. This obligation matures in 2029 with interest rates ranging from 1.10% to 3.25%. Interest is due in semi-annual installments.

During the year ended June 30, 2015, the City, on behalf of HWEA, issued tax-exempt general obligation bonds (Series 2015A) for $15,710,000 to advance refund the outstanding Series 2005A revenue bonds, the proceeds of which financed the acquisition, construction, equipping, and installation of a 36-inch raw water line from Lake Barkley to the Moss Raw Water Treatment Plant and appurtenances, including a raw water intake. The Series 2015A general obligation bonds were also issued to pay other allowable expenditures including issuance costs. This advance refunding took place to achieve debt service savings. This obligation matures in 2026 with an interest rate of 4.00%. Interest is due in semi-annual installments.

5. Long-Term Obligations, continued

General Obligation Bonds, continued

During the year ended June 30, 2021, the City, on behalf of Solid Waste, issued general obligation bonds (Series 2020) for $3,525,000 for the purpose of funding the construction of a vertical expansion of the landfill. This bond matures in 2040 and has interest rates ranging from 2.00% to 2.50% plus administrative fees.

During the year ended June 30, 2021, the City, on behalf of Solid Waste, issued general obligation bonds (Series 2021) for $335,000 for the purpose of additional funding for the construction of a vertical expansion of the landfill. This bond matures in 2040 and has an interest rate of 2.00% plus administrative fees.

During the year ended June 30, 2022, the City, on behalf of Stormwater, issued general obligation bonds (Series 2022) for $6,165,000 for the purpose of financing the costs of the acquisition, construction, installation, and equipping of improvements to the South Fork Little River Flood Control and related facilities within the City. This bond matures in 2052 with interest rates ranging from 3.00% to 4.00%. Interest is due in semi-annual installments.

The outstanding debt related to general obligation bonds at June 30, 2025, was:

Governmental Activities:	Matures	Rate	Balance
US Bank National Association GO, 2013 Series C - $3,965,000	2038	2.00%-3.75%	$ 2,695,000
US Bank National Association GO, 2014 Series A - $2,545,000	2034	2.00%-3.25%	615,000
US Bank National Association GO, 2016 Series - $2,970,000	2038	2.00%-3.00%	2,080,000
US Bank National Association GO, 2017 Series - $7,335,000	2042	2.00%-3.25%	5,770,000
US Bank National Association GO, 2018 Series - $3,500,000	2044	3.00%-3.625%	2,895,000
US Bank National Association GO, 2019 Series - $995,000	2039	2.00%-3.50%	755,000
US Bank National Association GO, 2021 Series A - $1,835,000	2035	1.25%-2.00%	755,000
US Bank National Association GO, 2021 Series B - $6,240,000	2037	2.00%-4.00%	5,920,000
US Bank National Association GO, 2022 Series B - $3,620,000	2042	4.00%-5.00%	3,500,000
US Bank National Association GO, 2023 Series A - $2,395,000	2033	4.00%-5.00%	2,000,000
US Bank National Association GO, 2024 Series A - $7,590,000	2044	4.00%-5.00%	7,590,000
Bonds issued directly to the City			$ 34,575,000

5. Long-Term Obligations, continued

General Obligation Bonds, continued

Governmental Activities, continued:	Matures	Rate	Balance
Issued on behalf of component units:			
US Bank National Association GO, 2013 Series A - $4,635,000	2038	2.00%	$ 2,745,000
US Bank National Association GO, 2013 Series B - $3,520,000	2034	2.00%-4.50%	1,890,000
US Bank National Association GO, 2014 Series B - $1,700,000	2038	1.50%-3.625%	1,220,000
US Bank National Association GO, 2014 Series C - $1,620,000	2029	1.10%-3.25%	385,000
US Bank National Association GO, 2015 Series A - $15,710,000	2026	4.00%	1,750,000
Kentucky Bond Corporation GO, 2020 Series C - $3,525,000	2040	2.00%-2.50%	2,793,333
Kentucky Bond Corporation GO, 2021 Series C - $335,000	2040	2.00%	278,750
US Bank National Association GO, 2022 Series A - $6,165,000	2052	3.00%-4.00%	5,780,000
Bonds issued on behalf of component units			16,842,083
Total bonds issued in the City's name			51,417,083
Plus: Unamortized bond premium			1,158,335
Less: Unamortized bond discount			(21,159)
	Total		$ 52,554,259

Business-type Activities-HWEA:	Matures	Rate	Balance
Due to City of Hopkinsville, US Bank	2034	2.00%-4.50%	$ 1,890,000
Due to City of Hopkinsville, US Bank	2038	1.50%-3.625%	1,220,000
Due to City of Hopkinsville, US Bank	2029	1.10%-3.25%	385,000
Due to City of Hopkinsville, US Bank	2026	4.00%	1,750,000
			5,245,000
Plus: Unamortized bond premium			126,832
Less: Unamortized bond discount			(2,500)
	Total		$ 5,369,332

5. Long-Term Obligations, continued

General Obligation Bonds, continued

Business-type Activities-Solid Waste:	Matures	Rate	Balance
Due to City of Hopkinsville, KBC	2040	2.00%-2.50%	$ 2,793,333
Due to City of Hopkinsville, KBC	2040	2.00%	278,750
			3,072,083
Plus: Unamortized bond premium			10,359
	Total		$ 3,082,442

Business-type Activities-Stormwater:	Matures	Rate	Balance
Due to City of Hopkinsville, US Bank	2038	2.00%	$ 2,745,000
Due to City of Hopkinsville, US Bank	2052	3.00%-4.00%	5,780,000
			8,525,000
Plus: Unamortized bond premium			47,684
	Total		$ 8,572,684

Annual debt service requirements to maturity for general obligation bonds are as follows as of June 30, 2025:

Fiscal Year	Governmental Activities		Business-type Activities Component Units	
Ending June 30	Principal	Interest	Principal	Interest
2026	$ 4,260,000	$ 1,783,117	$ 2,605,000	$ 559,279
2027	2,735,000	1,657,369	865,000	496,294
2028	2,850,000	1,554,938	910,000	466,807
2029	2,960,000	1,447,229	945,000	435,023
2030	2,965,000	1,334,751	865,000	401,779
2031-2035	15,345,000	5,010,911	4,300,000	1,537,323
2036-2040	11,732,083	2,593,699	3,122,083	873,274
2041-2045	6,520,000	956,413	1,180,000	522,538
2046-2050	1,405,000	288,871	1,405,000	288,871
2051-2052	645,000	34,699	645,000	34,699
Total	$51,417,083**	$16,661,997**	$16,842,083	$ 5,615,887

** Governmental activities' debt service requirements include component units' debt service requirements since those bonds were issued by the City on behalf of the component units.

5. Long-Term Obligations, continued

Revenue Bonds

During the year ended June 30, 2010, the City, on behalf of HWEA, issued Series 2010B revenue bonds to fund the expansion of the Moss Water Treatment Plant. This obligation matures in 2030 with interest rates ranging from 3.20% to 4.40%. Interest is due in semi-annual installments.

Revenue bonds are direct obligations and pledge the income derived from the acquired assets and other sources to pay debt service. Revenue bonds outstanding are as follows at June 30, 2025:

Governmental Activities:	Matures	Rate	Balance
Issued on behalf of component units:			
Series 2010B - $3,588,000	2030	3.20%-4.40%	$ 1,044,000
	Total		$ 1,044,000

Business-type Activities-HWEA:	Matures	Rate	Balance
Due to City of Hopkinsville, KY Rural Water Finance Corporation	2030	3.20%-4.40%	$ 1,044,000
	Total		$ 1,044,000

Annual debt service requirements projected to maturity for revenue bonds are as follows as of June 30, 2025:

Fiscal Year	Governmental Activities		Business-type Activities Component Units	
Ending June 30	Principal	Interest	Principal	Interest
2026	$ 214,000	$ 45,127	$ 214,000	$ 45,127
2027	225,000	36,139	225,000	36,139
2028	235,000	26,540	235,000	26,540
2029	245,000	16,280	245,000	16,280
2030	125,000	5,500	125,000	5,500
Total	$ 1,044,000**	$ 129,586**	$ 1,044,000	$ 129,586

** Governmental activities' debt service requirements include component units' debt service requirements since those bonds were issued by the City on behalf of the component units.

5. Long-Term Obligations, continued

Revenue Bonds, continued

As of June 30, 2025, HWEA has pledged future revenues to repay $1,044,000 in total revenue bonds. Principal and interest on these bonds are payable through 2030, solely from net revenues. Annual principal and interest on these bonds are expected to require approximately 1.08% of such net revenues (based on principal and interest payments for the year ending June 30, 2026, as a percentage of net system revenues for the year ended June 30, 2025, which totaled $23,962,268). Principal and interest paid for the year ended June 30, 2025, was $258,737. As of June 30, 2025, pledged future revenues totaled $1,173,586 which is the amount of the remaining principal and interest payments on these bonds.

The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the Revenue Bond Funds. Remaining revenues may then be used for any lawful purpose. The ordinances also contain provisions, which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain the required amounts and certain financial ratios are met.

Notes Payable

The City has a Section 108 guaranteed installment note with the Bank of New York Mellon for the renovation of the City's eight parks.

The City also had a non-interest bearing note with Utility Associates, Inc. for BodyWorn camera hardware, software licenses, data storage/retrieval, warranty, support, initial installation, and training. However, since the note payable was for such a significant amount and was for multiple years, it was determined that there was likely some degree of interest figured into the financing; because the price of the equipment without financing could not be determined, the client determined an appropriate interest rate based on interest rates for debt issued on behalf of component units and determined the present value of the note payable. The effective interest rate for this note was determined to be 2.12%. This note was paid in full during the year ended June 30, 2025.

HWEA utilizes funding provided through the Kentucky Infrastructure Authority's (KIA) State Revolving Fund (SRF). The SRF financing program provides low interest loans for infrastructure projects that are considered a priority based on the water pollution control criteria outlined in the Clean Water Act. HWEA's SRF loans are considered direct placement debt and carry interest rates ranging between 0.50% and 3.00%. For construction projects that have been completed and the related SRF loan has been closed, principal and interest payments are payable semiannually at the fixed rate stipulated in the underlying assistance agreement. For construction projects that are not yet complete and the related SRF loan is still open, interest is payable semiannually, commencing after funds are first drawn on the SRF loan, at the fixed rate stipulated in the underlying assistance agreement. Final maturities on open SRF loans are established after the project is placed in operation.

5. Long-Term Obligations, continued

Notes Payable, continued

Under the assistance agreements entered into with the KIA, in the event of default by HWEA, the KIA may, without any further demand or notice, take one or any combination of the following remedial steps: 1) declare all payments immediately due and payable; 2) exercise all the rights and remedies available to the KIA; 3) take whatever action may appear necessary or desirable to enforce its rights; and 4) submit a formal referral to the appropriate federal agency as required. Events of default include any one or more of the following: 1) failure by HWEA to pay specified payments at specified times; 2) failure by HWEA to observe or perform any covenant, condition or agreement; 3) the dissolution or liquidation of HWEA or the voluntary initiation by HWEA of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt, or any other form of debtor relief; and 4) a default by HWEA under the provisions of any agreements relating to its debt obligations.

HWEA has various KIA SRF loans for the expansion and upgrade of the Clean Water Treatment System (Fund A), a new Drinking Water Treatment Facility (Fund B), and infrastructure to comply with the Safe Drinking Water Act (Fund F).

The outstanding debt related to notes payable at June 30, 2025, was:

Governmental Activities:	Matures	Rate	Balance
Section 108 Guaranteed Loan - $1,500,000	2031	2.50%	$ 525,000
	Total		$ 525,000

Business-type Activities-HWEA:	Matures	Rate	Balance
SRF B95-02 - Water - $5,000,000	2026	1.90%	$ 216,337
SRF A03-05 - Sewer - $4,583,635	2026	1.00%	129,433
SRF A04-05 - Sewer - $2,469,924	2027	1.00%	270,476
SRF F02-04 - Water - $1,513,593	2028	1.00%	246,729
SRF F06-02 - Water - $3,887,432	2028	3.00%	764,011
SRF F08-06 - Water - $8,800,000	2032	1.00%	3,507,285
SRF A11-07 - Sewer - $483,710	2033	2.00%	216,819
SRF A09-19 - Sewer - $7,488,282	2034	2.00%	3,739,912
SRF A11-09 - Sewer - $7,090,224	2036	2.00%	4,245,404
SRF A11-08 - Sewer - $10,354,404	2036	2.00%	6,877,293
SRF F13-020 - Water - $3,599,957	2040	1.75%	2,895,668
SRF A19-003 - Sewer - loan not closed yet		0.50%	44,979,410
SRF F16-001 - Water - loan not closed yet		1.75%	7,670,040
	Total		$ 75,758,817

5. Long-Term Obligations, continued

Notes Payable, continued

Annual debt service requirements to maturity for notes payable are as follows as of June 30, 2025:

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities Component Units	
	Principal	Interest	Principal	Interest
2026	$ 75,000	$ 15,739	$ 2,720,380	$ 408,499
2027	75,000	13,451	2,417,693	361,684
2028	75,000	11,130	2,324,363	318,074
2029	75,000	8,764	2,013,707	276,841
2030	75,000	6,338	2,049,048	241,500
2031-2035	150,000	5,153	9,051,875	669,405
2036-2040	-	-	2,426,175	84,853
Thereafter	-	-	52,755,576	931
Total	$ 525,000	$ 60,575	$ 75,758,817	$ 2,361,787

As of June 30, 2025, HWEA has pledged future revenues to repay $75,758,817 in total SRF loans, but they are subordinated to the existing revenue bonds. Principal and interest on these loans are payable through 2041, solely from net revenues. Annual principal and interest on these loans are expected to require approximately 13.06% of such net revenues (based on principal and interest payments for the year ending June 30, 2026, as a percentage of net system revenues for the year ended June 30, 2025, which totaled $23,962,268). Principal and interest paid for the year ended June 30, 2025, was $3,690,262. As of June 30, 2024, pledged future revenues totaled $78,120,604, which was the amount of the remaining principal and interest payments on these SRF loans.

KIA requires that HWEA establish a maintenance and replacement reserve account to deposit funds that are to be used specifically for extraordinary maintenance expenses related to projects funded by KIA or for the unbudgeted costs of replacing worn or obsolete portions of such projects. For the year ended June 30, 2025, HWEA has set aside $2,315,030 to meet these reserve requirements, which are reported as restricted assets on the statement of net position.

Other Long-Term Obligations

See Note 6 regarding leases payable.

See Note 7 regarding Defined Benefit Pension Plans.

See Note 8 regarding Other Post-Employment Benefit (OPEB) Plans.

See Note 9 regarding the Accrued Landfill Closure/Post-closure Care Costs.

5. Long-Term Obligations, continued

Defeasance of Debt and Current and Advance Refunding

The City and HWEA have issued refunding bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service savings. The proceeds from these refunding bonds have been placed in an irrevocable trust to provide for all future debt payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the City's or HWEA's financial statements. Although defeased, the refunded debt from these earlier issues will not be actually retired until the call dates have come due or until maturity if they are not callable issues. At June 30, 2025, the amount of bonds outstanding that are considered defeased is undeterminable.

Current and advance refundings have resulted in defeasance losses that are being amortized over the life of the refunding bonds. The unamortized losses at June 30, 2025 are shown on the statement of net position as deferred refunding costs under deferred outflows of resources. The unamortized balances at June 30, 2025 for the City and HWEA were $184,880 and $38,104, respectively. Amortization on these refundings has been included in interest expense and was $16,789 for the City and $64,749 for HWEA for the year ended June 30, 2025.

6. Leases

Leases Receivable

As of June 30, 2025, the City has three lease receivables in which it is a lessor. These lease receivables are valued at the present value of the lease payments using individual discount rates.

In December 2017, the City entered into a lease with the Commonwealth of Kentucky Department of Corrections; this lease was amended in February 2019. Under the amended lease, the lessee pays the City for the use of office space units and parking spaces at a cost of $31,850 per quarter through June 2026. The lease receivable is measured at the present value of the future rent payments expected to be received during the lease term at a discount rate of 2.00%. In the year ended June 30, 2025, the City recognized $126,029 of lease revenue and $1,371 of interest revenue under the lease.

In August 2020, the City entered into a lease with the Commonwealth of Kentucky Transportation Cabinet; this lease was amended in May 2021. Under the amended lease, the lessee pays the City for the use of office space units and parking spaces at a cost of $10,692 per quarter through June 2029. The lease receivable is measured at the present value of the future rent payments expected to be received during the lease term at a discount rate of 2.12%. In the year ended June 30, 2025, the City recognized $41,394 of lease revenue and $1,374 of interest revenue under the lease.

6. Leases, continued

Leases Receivable, continued

In May 2021, the City entered into a lease with the Commonwealth of Kentucky Cabinet for Health & Family Services. Under the lease, the lessee pays the City for the use of office space units and parking spaces at a cost of $16,011 per quarter through June 2029. The lease receivable is measured at the present value of the future rent payments expected to be received during the lease term at a discount rate of 2.12%. In the year ended June 30, 2025, the City recognized $61,987 of lease revenue and $2,057 of interest revenue under the lease.

Required payments receivable under the City's lease arrangements as of June 30, 2025 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2026	$ 230,984	$ 3,228	$ 234,212
2027	104,851	1,961	106,812
2028	105,594	1,218	106,812
2029	106,342	470	106,812
Total	$ 547,771	$ 6,877	$ 554,648

Leases Payable

In January 2024, the City leased Flock safety cameras. These cameras are leased over 5 years at $58,792 per year. The first annual payment was due March 2024 and the lease matures in March 2029. Right-to-use assets were recorded at the present value of the lease payments, $288,885, and accumulated amortization at June 30, 2025 was $86,665.

See Note 4, Capital Assets, for right-to-use asset activity.

Required payments under the City's lease arrangements as of June 30, 2025 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2026	$ 57,775	$ 1,017	$ 58,792
2027	58,112	680	58,792
2028	58,451	341	58,792
Total	$ 174,338	$ 2,038	$ 176,376

6. Leases, continued

Leases Payable, continued

The following are lease arrangements entered into by the City on behalf of component units:

In August 2023, Solid Waste leased three trucks. The vehicles were being leased for interest only payments each month at an interest rate of 5.91%. A lump sum principal payment was due at the expiration date in February 2025. There was an option to purchase the vehicles at any point during the agreement for the purchase price plus accrued interest. In October 2024 the related equipment was sold and the balance was paid off.

In August 2023, Solid Waste leased three trucks. The vehicles were being leased for interest only payments each month at an interest rate of 9.75%. A lump sum principal payment was due at the expiration date in February 2025. There was an option to purchase the vehicles at any point during the agreement for the purchase price plus accrued interest. In October 2024 the related equipment was sold and the balance was paid off.

In October 2023, Solid Waste leased seven trucks. The vehicles were being leased for interest only payments each month at an interest rate of 8.90%. A lump sum principal payment was due at the expiration date in April 2025. There was an option to purchase the vehicles at any point during the agreement for the purchase price plus accrued interest. In October 2024 some of the equipment was sold and the balance was paid down. In April 2025 the remaining equipment was sold and the balance was paid off.

In February 2024, Solid Waste leased four trucks. The vehicles were being leased for interest only payments each month at an interest rate of 8.95%. A lump sum principal payment was due at the expiration date in August 2025. There was an option to purchase the vehicles at any point during the agreement for the purchase price plus accrued interest. In April 2025 the related equipment was sold and the balance was paid off.

In May 2024, Solid Waste leased six trucks. The vehicles are being leased for interest only payments each month at an interest rate of 5.85%. A lump sum principal payment is due at the expiration date in December 2025. There is an option to purchase the vehicles at any point during the agreement for the purchase price plus accrued interest. In April 2025 some of the related equipment was sold and the balance was paid down. The balance on this agreement was $640,884 at June 30, 2025.

In July 2024, Solid Waste leased five trucks. The vehicles are being leased for interest only payments each month at an interest rate of 8.9%. A lump sum principal payment is due at the expiration date in January 2026. There is an option to purchase the vehicles at any point during the agreement for the purchase price plus accrued interest. The balance on this agreement was $1,424,178 at June 30, 2025.

6. Leases, continued

Leases Payable, continued

In November 2024, Solid Waste leased four trucks. The vehicles are being leased for interest only payments each month at an interest rate of 5.39%. A lump sum principal payment is due at the expiration date in May 2026. There is an option to purchase the vehicles at any point during the agreement for the purchase price plus accrued interest. The balance on this agreement was $1,112,266 at June 30, 2025.

In March 2025, Solid Waste leased four trucks. The vehicles are being leased for interest only payments each month at an interest rate of 7.9%. A lump sum principal payment is due at the expiration date in September 2026. There is an option to purchase the vehicles at any point during the agreement for the purchase price plus accrued interest. The balance on this agreement was $631,270 at June 30, 2025.

In April 2025, Solid Waste leased one truck. The vehicle is being leased for interest only payments each month at an interest rate of 7.9%. A lump sum principal payment is due at the expiration date in October 2026. There is an option to purchase the vehicle at any point during the agreement for the purchase price plus accrued interest. The balance on this agreement was $817,500 at June 30, 2025.

Required payments under the City's lease arrangements on behalf of component units as of June 30, 2025 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2026	$ 3,177,328	$ 262,093	$ 3,439,421
2027	1,448,770	33,995	1,482,765
Total	$ 4,626,098	$ 296,088	$ 4,922,186

The following are lease arrangements entered into by Solid Waste:

In May 2022, Solid Waste leased a yard dog truck for $84,165. This lease has an interest rate of 2.62% and matures in May 2027. There is an optional final payment of $1 at the end of the lease for the purchase of the truck. The balance on this agreement was $32,088 at June 30, 2025.

In September 2023, Solid Waste leased a compactor for $974,882. This lease has an interest rate of 7.32% and matures in September 2028. There is an optional final payment of $1 at the end of the lease for purchase of the leased asset. The balance on this agreement was $669,247 at June 30, 2025.

6. Leases, continued

Leases Payable, continued

In January 2024, Solid Waste leased a dozer for $605,000. This lease has an interest rate of 7.13% and matures in January 2029. There is an optional final payment of $1 at the end of the lease for purchase of the leased asset. The balance on this agreement was $368,566 at June 30, 2025.

In May 2024, Solid Waste leased an excavator for $348,646. This lease has an interest rate of 7.32% and matures in May 2029. There is an optional final payment of $1 at the end of the lease for purchase of the leased asset. The balance on this agreement was $281,674 at June 30, 2025.

In May 2024, Solid Waste leased an articulated truck for $512,430. This lease has an interest rate of 7.32% and matures in May 2029. There is an optional final payment of $1 at the end of the lease for purchase of the leased asset. The balance on this agreement was $414,558 at June 30, 2025.

Required payments under Solid Waste's lease arrangements as of June 30, 2025 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2026	$ 470,829	$ 110,971	$ 581,800
2027	502,440	75,387	577,827
2028	521,352	39,512	560,864
2029	271,512	11,871	283,383
Total	$ 1,766,133	$ 237,741	$ 2,003,874

At June 30, 2025, the cost of Solid Waste's total leased assets was $5,737,069, less accumulated depreciation of $1,059,424.

The following are lease arrangements entered into by Stormwater:

Stormwater leases from HWEA the watershed lakes known as Lake Tandy, Lake Morris, and Lake Boxley located in Christian County, Kentucky. This lease is for Stormwater to use the watershed lakes for flood control and water storage activities. The term of this lease is for a period of twenty years beginning January 2008 and ending December 2027. The lessee or lessor may terminate the lease at any time during the lease period with a one-year written notice as to its intent to terminate the lease. The lease shall be automatically extended by a twenty-year period if no notice is given within the one-year time period provided. Stormwater will pay the sum of $1 per year to HWEA and further maintain the property in the manner stated in the lease.

6. Leases, continued

Leases Payable, continued

Stormwater leases from the City the watershed lake known as Lake Blythe located in Christian County, Kentucky. The lease is for Stormwater to use the watershed lake for flood control and water storage activities. The term of this lease is for a period of twenty years beginning August 2009 and ending August 2029. The lessee or lessor may terminate the lease at any time during the lease period with a one-year written notice as to its intent to terminate the lease. The lease shall be automatically extended by a twenty-year period if no notice is given within the one-year time period provided. Stormwater will pay the sum of $1 per year to the City and further maintain the property in the manner stated in the lease.

7. Defined Benefit Pension Plans

The City participates in the County Employees Retirement Systems (CERS) pension plan, the statewide local government retirement system, which covers substantially all of the government's general employees and current public safety employees by their election. The City also maintains a single-employer, defined benefit pension plan, Policemen's and Firefighter's Pension Fund (PFPF), which covers certain retired public safety employees.

A. County Employees Retirement Systems

General Information about the Pension Plan

Plan Description:

Employees of the City, as well as employees of HWEA and Solid Waste, participate in the County Employees Retirement System (CERS), which consists of two components: hazardous and nonhazardous (although HWEA and Solid Waste have no employees under the hazardous plan). The plan is a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky Public Pensions Authority (KPPA), a component unit of the Commonwealth of Kentucky, under the provision of Kentucky Revised Statute (KRS) Section 61.645.

Under the provisions of KRS Sections 78.782 and 61.645, the Board of Trustees of KPPA administers Kentucky Employees Retirement System (KERS), CERS, and State Police Retirement System (SPRS). Although the assets of the funds are invested as a whole, each plan's assets are accounted for separately, invested according to plan-specific asset allocation goals, and are used only for the payment of benefits to the members of that plan and a pro rata share of administrative costs, in accordance with the provisions of KRS Sections 78.630, 61.570, and 16.555. CERS and KERS are cost-sharing multiple employer defined benefit plans that cover all regular full-time members employed in hazardous and nonhazardous positions of any state department, board, agency, county, city, school board, and any additional eligible local agencies electing to participate.

7. Defined Benefit Pension Plans, continued

A. County Employees Retirement Systems, continued

General Information about the Pension Plan, continued

Plan Description, continued:

KPPA issues a publicly available financial report that includes financial statements and required supplementary information for CERS. The report may be obtained by writing to Kentucky Public Pension Authority, 1260 Louisville Road, Frankfort, Kentucky 40601, or it may be found at the KPPA website at www.kyret.ky.gov.

Basis of Accounting:

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

Pension Benefits Provided:

The following information summarizes the major pension benefit provisions of CERS. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

The plan provides for retirement, disability, and death benefits to plan members. Employees are vested in the plan after five years of service. Retirement benefits may also be extended to beneficiaries of plan members under certain circumstances.

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of KPPA benefits. However, the COLA is not a guaranteed benefit, and the General Assembly has the authority to reduce, increase, suspend, or eliminate the COLA in the future. Prior to July 1, 2009, COLAs were provided annually, not to exceed 5.00% in any plan year. After July 1, 2009, the COLAs were limited to 1.50%. Senate Bill 2 of 2013 eliminated all future COLAs unless the State Legislature so authorizes on a biennial basis and either (1) the system is over 100.00% funded or (2) the Legislature appropriates sufficient funds to pay the increased liability for the COLA. No COLA has been granted since July 1, 2011.

7. Defined Benefit Pension Plans, continued

A. County Employees Retirement Systems, continued

General Information about the Pension Plan, continued

Pension Benefits Provided, continued:

For retirement purposes, members are grouped into three tiers, based on hire date, and may qualify for either a reduced benefit or an unreduced benefit:

Hazardous:

Tier 1	Participation date	Before September 1, 2008
	Unreduced benefit	At least 5 years' service and 55 years old At least 20 years' service and any age
	Reduced benefit	At least 15 years' service and 50 years old
Tier 2	Participation date	September 1, 2008 – December 31, 2013
	Unreduced benefit	At least 5 years' service and 60 years old At least 25 years' service and any age
	Reduced benefit	At least 15 years' service and 50 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced benefit	At least 5 years' service and 60 years old At least 25 years' service and any age
	Reduced benefit	Not available

Nonhazardous:

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

7. Defined Benefit Pension Plans, continued

A. County Employees Retirement Systems, continued

General Information about the Pension Plan, continued

Pension Benefits Provided, continued:

Benefits are paid based on a formula that includes three variables: 1) the member's final compensation; 2) benefit factors, which are set by statute and vary depending upon the type of service, amount of service, participation date, and retirement date; and 3) the member's years of service.

The beneficiary of a retired member receiving a monthly benefit based on at least 48 months of combined service is entitled to one $5,000 death benefit from KPPA upon the retired member's death. Senate Bill 169, passed during the 2021 legislative session, increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability.

Pension Contributions:

Employee contribution rates are set by statute and may be changed only by the Kentucky General Assembly.

Tier 1 plan members, who began participating prior to September 1, 2008, are required to contribute 8.00% (hazardous) or 5.00% (nonhazardous) of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.50%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

Tier 2 plan members, who began participating on or after September 1, 2008 and before January 1, 2014, are required to contribute 9.00% (hazardous) or 6.00% (nonhazardous) of their annual creditable compensation, with 8.00% (hazardous) or 5.00% (nonhazardous) credited to the member's account and 1.00% deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund. These members are classified in the Tier 2 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.50%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1.00% contribution to the 401(h) account is non-refundable and is forfeited.

Tier 3 plan members, who began participating on or after January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members contribute 8.00% (hazardous) or 5.00% (nonhazardous), of their monthly creditable compensation, which is deposited into their account, and an additional 1.00% which is deposited to an account created for payment of health insurance benefits under 26 USC

7. Defined Benefit Pension Plans, continued

A. County Employees Retirement Systems, continued

General Information about the Pension Plan, continued

Pension Contributions, continued:

Section 401(h) in the Insurance Fund, which is not refundable. Tier 3 members are also credited with an employer pay credit in the amount of 7.50% (hazardous) or 4.00% (nonhazardous) of the member's monthly creditable compensation. The employer pay credit amount is deducted from the total employer contribution rate paid on the member's monthly creditable compensation.

The City and its component units are required to contribute at an actuarially determined rate set by statute unless altered by legislation enacted by the Kentucky General Assembly. Per KRS Section 78.545(33), normal contribution and past service contribution rates shall be determined by the KPPA Board on the basis of the last annual valuation preceding July 1 of a new biennium. The KPPA Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KPPA Board.

For the fiscal year ended June 30, 2025 participating employers contributed 38.61% for hazardous members (36.49% allocated to pension and 2.12% allocated to OPEB) and 19.71% for nonhazardous members (19.71% allocated to pension and 0.00% allocated to OPEB) of each employee's creditable compensation. These percentages are inclusive of both pension and insurance payments for employers. Administrative costs of KPPA are financed through employer contributions and investment earnings.

The City met 100.00% of the contribution funding requirements to the pension fund for the year ended June 30, 2025. The City's total employer contributions to the pension fund (excluding the insurance portion) were $5,715,810 ($3,950,064 for hazardous and $1,765,746 for nonhazardous) for the year ended June 30, 2025.

HWEA met 100.00% of the contribution funding requirements to the pension fund for the year ended June 30, 2025. HWEA's total contributions to the pension fund (excluding the insurance portion) were $1,172,059 for the year ended June 30, 2025. HWEA has no employees classified as hazardous.

Solid Waste met 100.00% of the contribution funding requirements to the pension fund for the year ended June 30, 2025. Solid Waste's total contributions to the pension fund (excluding the insurance portion) were $591,336 for the year ended June 30, 2025. Solid Waste has no employees classified as hazardous.

Schedules pertaining to CERS pension contributions by the City and its component units are located on pages 139 & 140.

7. Defined Benefit Pension Plans, continued

A. County Employees Retirement Systems, continued

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

Pension Liabilities:

For the City and its component units' fiscal year ended June 30, 2025, the total pension liability was rolled-forward from the valuation date (June 30, 2023) to the plan's fiscal year ended June 30, 2024, using generally accepted actuarial principles.

The following is a summary of net pension liability shown on the statement of net position as of June 30, 2025:

	Net Pension Liability
City of Hopkinsville:	
Hazardous	$32,943,663
Nonhazardous	14,959,611
Total City of Hopkinsville	$47,903,274
HWEA:	
Nonhazardous	$10,545,760
Solid Waste:	
Nonhazardous	$ 5,310,975

The net pension liabilities for June 30, 2025 were 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 June 30, 2023. The total pension liability was rolled-forward from the valuation date to the measurement date using generally accepted actuarial principles. The City's and its component units' proportion of the net pension liabilities were based on actual employer contributions to the plan relative to the contributions of all participating employers. At June 30, 2025, the City's proportionate share of the its share of the hazardous net pension liability was 1.280855% and nonhazardous net pension liability was 0.250143%; HWEA's proportionate share of the nonhazardous net pension liability was 0.176338%; and Solid Waste's proportionate share of the nonhazardous net pension liability was 0.088893%.

Schedules pertaining to the City's and its component units' proportionate share of the CERS net pension liabilities are located on pages 137 & 138.

7. Defined Benefit Pension Plans, continued

A. County Employees Retirement Systems, continued

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

Pension Expense:

For the June 30, 2024 measurement date, the City was allocated $3,190,836 in CERS pension expense, which consisted of $918,507 for hazardous and $2,272,329 for nonhazardous. For the June 30, 2024 measurement date HWEA was allocated $744,271 in CERS pension expense for nonhazardous pensions, and Solid Waste was allocated $33,444 in CERS pension expense for nonhazardous pensions.

Also see Note 7C for total pension expense for all pension plans.

Deferred Outflows of Resources and Deferred Inflows of Resources - Pension:

Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense, they are labeled as deferred inflows. If they will increase pension expense, they are labeled as deferred outflows.

Differences between expected and actual experience and changes in assumptions are recognized in pension expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees who are provided with pensions through the pension plan (active employees and inactive members) determined as of the beginning of the measurement period.

Differences between projected and actual earnings on pension plan investments should be recognized in pension expense using a systematic and rational method over a closed five-year period. For this purpose, deferred outflows and inflows of resources are recognized in the pension expense as a level dollar amount over the closed period.

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources relation to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City of Hopkinsville:		
Difference between expected and actual liability experience:		
Hazardous	$ 2,140,593	$ -
Nonhazardous	724,073	-
	2,864,666	-

7. Defined Benefit Pension Plans, continued

A. County Employees Retirement Systems, continued

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

Deferred Outflows of Resources and Deferred Inflows of Resources – Pension, continued:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City of Hopkinsville, continued:		
Difference between projected and actual earnings on pension plan investments:		
Hazardous	$ -	$1,758,284
Nonhazardous	-	961,822
	-	2,720,106
Effect of change in assumptions:		
Hazardous	-	1,859,281
Nonhazardous	-	675,881
	-	2,535,162
Changes in proportion and differences between employer contributions and proportionate share of plan contributions:		
Hazardous	-	2,901,107
Nonhazardous	1,285,619	-
	1,285,619	2,901,107
Subtotal	4,150,285	8,156,375
City contributions subsequent to the measurement date:		
Hazardous	3,950,064	-
Nonhazardous	1,765,746	-
	5,715,810	-
Total	$ 9,866,095	$8,156,375

The $5,715,810 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the City's fiscal year ending June 30, 2026. The remainder of deferred outflows and deferred inflows of resources related to pensions will be amortized as follows (any positive amounts will increase pension expense while any negative amounts will decrease pension expense) for the future measurement periods:

7. Defined Benefit Pension Plans, continued

A. County Employees Retirement Systems, continued

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

Deferred Outflows of Resources and Deferred Inflows of Resources – Pension, continued:

Year Ending June 30:	
2025	$(1,986,334)
2026	(353,594)
2027	(1,080,910)
2028	(585,252)
2029	-
Thereafter	-
	$(4,006,090)

At June 30, 2025, HWEA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
HWEA:		
Difference between expected and actual liability experience	$ 510,434	$ -
Difference between projected and actual earnings on pension plan investments	-	678,035
Effect of change in assumptions	-	476,461
Changes in proportion and differences between employer contributions and proportionate share of plan contributions	298,042	24,040
Subtotal	808,476	1,178,536
HWEA's contributions subsequent to the measurement date	1,172,059	-
Total	$ 1,980,535	$1,178,536

7. Defined Benefit Pension Plans, continued

A. County Employees Retirement Systems, continued

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

Deferred Outflows of Resources and Deferred Inflows of Resources – Pension, continued:

The $1,172,059 reported as deferred outflows of resources related to pensions resulting from HWEA contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in HWEA's fiscal year ending June 30, 2026. The remainder of deferred outflows and deferred inflows of resources related to pensions will be amortized as follows (any positive amounts will increase pension expense while any negative amounts will decrease pension expense) for the future measurement periods:

Year Ending June 30:	
2025	$ (268,253)
2026	309,944
2027	(260,645)
2028	(151,106)
2029	-
Thereafter	-
	$ (370,060)

At June 30, 2025, Solid Waste reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Solid Waste:		
Difference between expected and actual liability experience	$ 257,061	$ -
Difference between projected and actual earnings on pension plan investments	-	341,467
Effect of change in assumptions	-	239,952
Changes in proportion and differences between employer contributions and proportionate share of plan contributions	-	162,869
Subtotal	257,061	744,288

7. Defined Benefit Pension Plans, continued

A. County Employees Retirement Systems, continued

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

Deferred Outflows of Resources and Deferred Inflows of Resources – Pension, continued:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Solid Waste, continued:		
Solid Waste's contributions subsequent to the measurement date	$ 591,336	$ -
Total	$ 848,397	$ 744,288

The $591,336 reported as deferred outflows of resources related to pensions resulting from Solid Waste's contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in Solid Waste's fiscal year ending June 30, 2026. The remainder of deferred outflows and deferred inflows of resources related to pensions will be amortized as follows (any positive amounts will increase pension expense while any negative amounts will decrease pension expense) for the future measurement periods:

Year Ending June 30:	
2025	$ (342,863)
2026	62,999
2027	(131,264)
2028	(76,100)
2029	-
Thereafter	-
	$ (487,228)

Actuarial Assumptions and Other Inputs - Pension

Actuarial Assumptions:

For the City and its component units' fiscal year ended June 30, 2025, the total pension liability, net pension liability, and sensitivity information were based on an actuarial valuation date of the June 30, 2023. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2024, using generally accepted actuarial principles.

7. Defined Benefit Pension Plans, continued

A. County Employees Retirement Systems, continued

Actuarial Assumptions and Other Inputs – Pension, continued

Actuarial Assumptions, continued:

There have been no assumption, method, or plan provision changes that would materially impact the total pension liability since June 30, 2023.

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for the plan's fiscal year ended June 30, 2024:

Valuation Date:	June 30, 2022
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20.00% of the difference between the fair value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period:	30-year closed period at June 30, 2019 *(gains/losses incurring after 2019 will be amortized over separate 20-year amortization bases)*
Payroll Growth Rate:	2.00%
Investment Return:	6.50%
Inflation:	2.30%
Salary Increase:	3.55% to 19.05%; varies by service (hazardous) 3.30% to 10.30%; varies by service (nonhazardous)
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Phase-in Provision:	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018

Discount Rate Assumptions:

Discount Rate: A single discount rate of 6.50% was used for both the hazardous and nonhazardous system to measure the total pension liability for the June 30, 2024 measurement date. The single discount rate was based on the expected rate of return on pension plan investments for each plan.

7. Defined Benefit Pension Plans, continued

A. County Employees Retirement Systems, continued

Actuarial Assumptions and Other Inputs – Pension, continued

Discount Rate Assumptions, continued:

Projected Cash Flows: The projection of cash flows used to determine the single discount rate includes an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that each participating employer contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy. The assumed future employer contributions reflect the provision of House Bill 362, passed during the 2018 legislative session, which limits the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028.

Long-Term Rate of Return: The long-term expected rate of return was determined by using a building block method in which best-estimate ranges of expected future real rates of return 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.

Municipal Bond Rate: The discount rate determination does not use a municipal bond rate.

Periods of Projected Benefit Payments: Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of the projected benefit payments to determine the total pension liability for each plan.

7. Defined Benefit Pension Plans, continued

A. County Employees Retirement Systems, continued

Actuarial Assumptions and Other Inputs – Pension, continued

Discount Rate Assumptions, continued:

Assumed Asset Allocations: For the June 30, 2024 measurement date, the target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity:		
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income:		
Core Fixed Income	10.00%	2.85%
Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected:		
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Expected Real Return	100.00%	4.69%
Long-Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		7.19%

Sensitivity Analysis: For the June 30, 2024 measurement date, the following presents the City and its component units' proportionate share of the net pension liabilities (NPL) calculated using the discount rate of 6.50%, as well as what the proportionate share of the NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City of Hopkinsville:			
CERS Hazardous:			
Discount Rate	5.50%	6.50%	7.50%
Proportionate Share NPL	$42,411,525	$32,943,663	$25,213,673
CERS Nonhazardous:			
Discount Rate	5.50%	6.50%	7.50%
Proportionate Share NPL	$19,285,383	$14,959,611	$11,370,361

7. Defined Benefit Pension Plans, continued

A. County Employees Retirement Systems, continued

Actuarial Assumptions and Other Inputs – Pension, continued

Discount Rate Assumptions, continued:

	1% Decrease	Current Discount Rate	1% Increase
HWEA:			
CERS Nonhazardous:			
Discount Rate	5.50%	6.50%	7.50%
Proportionate Share NPL	$13,595,207	$10,545,760	$ 8,015,522
Solid Waste:			
CERS Nonhazardous:			
Discount Rate	5.50%	6.50%	7.50%
Proportionate Share NPL	$ 6,846,715	$ 5,310,975	$ 4,036,716

Other Information about the Pension Plan

Payables to the Pension Plan:

At June 30, 2025, the City and its component units reported no payables for outstanding contributions to the pension plan for the year then ended.

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued Kentucky Public Pensions Authority Annual Comprehensive Financial Report at www.kyret.ky.gov.

7. Defined Benefit Pension Plans, continued

B. Policemen's and Firefighter's Pension Fund

General Information about the Pension Plan

The City of Hopkinsville Policemen's and Firefighter's Pension Fund (PFPF) is a single-employer, defined benefit pension plan administered by a Board of Trustees consisting of the Mayor, the City's Chief Financial Officer, and two beneficiaries. PFPF was established to provide benefits for widows/widowers and retiring personnel of the police and fire departments who elected to continue to participate in the plan. During the fiscal year ended June 30, 1989, active public safety employees were provided the option to convert to coverage under the County Employees Retirement System (CERS). Approximately 98 employees elected to convert from the PFPF coverage. The City no longer has active employees contributing to the plan, and no new employees are permitted into the plan. PFPF does not provide separately issued financial statements; however, financial information is provided in this note.

Also, see the schedules on pages 141-143.

Plan Membership:

As of January 1, 2025, PFPF had 11 members, all of whom are inactive participants (retirees and beneficiaries) receiving benefits.

Benefits Provided:

At his/her own election, any member who has completed twenty years of service may petition the Board of Trustees for retirement. The monthly benefit is based on a percentage of salary determined in accordance with the following schedule:

Full Years of Service	Percentage of Salary
20 but less than 21	50%
21 but less than 22	52
22 but less than 23	54
23 but less than 24	56
24 but less than 25	58
25 but less than 26	60
26 but less than 27	63
27 but less than 28	66
28 but less than 29	69
29 but less than 30	72
30 or more	75

A member who terminates his/her service either by resignation or dismissal before he/she is eligible for normal retirement shall receive a refund of his/her contributions to PFPF without interest.

7. Defined Benefit Pension Plans, continued

B. Policemen's and Firefighter's Pension Fund, continued

General Information about the Pension Plan, continued

Benefits Provided, continued:

There are two types of disability retirement that are allowed:

1. Temporary total disability (requires no service with respect to eligibility for benefits).

2. Total and permanent disability (no service eligibility requirement).

The benefit amount depends on the type of disability retirement as follows:

A member retiring due to temporary total disability shall receive a monthly pension equal to no more than 50% of his/her salary. The pension will be paid during his/her disability until he/she had recovered and returned to active duty. A member retiring due to total and permanent disability shall receive a monthly pension equal to 50% of his/her salary.

There are four types of dependent and estate benefits allowed:

1. Occupational – death in line-of-duty or of any disease contracted by reason of occupation of an active member (requires no service with respect to eligibility for benefits).

2. Nonoccupational – death other than in line-of-duty or of any disease contracted by reason of occupation of an active member (requires the completion of one year of service with respect to eligibility for benefits).

3. Death of a retired or disabled member (requires the completion of one year of service with respect to eligibility for benefits).

4. Death of a member under conditions of 1, 2, or 3 who is not survived by an eligible spouse or unmarried dependent children.

In the cases of 1, 2, or 3 above, the pension is payable to an eligible surviving spouse until the death or remarriage of such spouse and then to any unmarried, dependent children.

For conditions 1, 2, or 3 above, the widow/widower is to receive a monthly benefit of 50% of monthly salary, and each dependent child is to receive $24 per month until age 18. For condition 4 above, a pension will be paid to dependent parents in an amount equal to 25% of his/her salary.

When an active or retired member dies, the Board of Trustees may pay from the PFPF to the surviving widow/widower or family a funeral expense not to exceed $100.

7. Defined Benefit Pension Plans, continued

B. Policemen's and Firefighter's Pension Fund, continued

General Information about the Pension Plan, continued

Contributions:

Active members were required to contribute a specified percentage of the aggregate amount of all pay received. The specified percentage is the same OASDHI percentage which is paid by employees covered by the Social Security program. As there are no longer any active members, members made no contributions for the fiscal year ended June 30, 2025.

The City only contributes amounts required to fund current service costs and interest on unfunded past service costs as determined by actuarial valuations in compliance with Kentucky Revised Statutes. The City is not required to make an annual contribution. For the year ended June 30, 2025, the City made a contribution of $200,000. The General Fund of the City covers administrative costs such as professional fees and beneficiary services. Other miscellaneous investment fees and miscellaneous costs are paid from available net assets in the PFPF.

Generally, any retiree or beneficiary shall receive a cost-of-living adjustment (COLA) after the member has been retired for three full years. The COLA shall be based on the "All Items Index" of the U.S. Department of Labor Consumer Price Indexes, and shall be compounded. However, a COLA shall only be granted to the extent it can be provided on an "actuarially sound basis". The annual COLA adjustment is limited to 5.00%

The Schedule of Contributions for the PFPF is located on page 142.

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

Net Pension Liability:

The City's net pension liability (asset) was measured as of January 1, 2025, and the total net pension liability (asset) was determined by an actuarial valuation as of that date.

7. Defined Benefit Pension Plans, continued

B. Policemen's and Firefighter's Pension Fund, continued

Pension Liabilities, Pension Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

Net Pension Liability, continued:

The following is a summary of net pension liability shown on the statement of net position as of June 30, 2025, included in noncurrent liabilities, due beyond one year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances – June 30, 2024	$ 1,777,431	$ 1,334,560	$ 442,871
Changes for the Year:			
Service cost	-	-	-
Interest cost	66,828	-	66,828
Changes in benefit terms	-	-	-
Differences between expected and actual experience	118,485	-	118,485
Changes of assumptions	106,527	-	106,527
Contributions – City	-	200,000	(200,000)
Contributions – Employees	-	-	-
Net investment income	-	59,249	(59,249)
Benefit payments	(197,064)	(197,064)	-
Plan administration expenses	-	(17,778)	17,778
Net changes	94,776	44,407	50,369
Balances – June 30, 2025	$ 1,872,207	$ 1,378,967	$ 493,240

The components of the PFPF's at June 30, 2025, were as follows:

Total Pension Liability	$ 1,872,207*
Plan Fiduciary Net Position	(1,378,967)
Net Pension Liability	$ 493,240
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.65%

*Assumes 2.00% per annum COLAs.

Also see the Schedule of Changes in the Net Pension Liability and Related Ratios for the PFPF that is located on page 141.

7. Defined Benefit Pension Plans, continued

B. Policemen's and Firefighter's Pension Fund, continued

Pension Liabilities, Pension Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

Pension Expense:

For the year ended June 30, 2025, the City recognized pension expense of $272,594 for the Policemen's and Firefighter's Pension Fund.

Also see Note 7C for total pension expense for all pension plans.

Deferred Outflows of Resources and Deferred Inflows of Resources – Pension:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability gains and losses	$ -	$ -
Change of assumptions	-	-
Net difference between projected and actual earnings on investments	22,055	-
Total	$ 22,055	$ -

Actual investment earnings above (or below) projected earnings are amortized over 5 years. Changes due to assumptions and experience losses (gains) are amortized over the average remaining service period of inactive members (there are no active members).

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

Year Ending June 30:	
2026	$ 15,365
2027	10,571
2028	(1,781)
2029	(2,100)
2030	-
	$ 22,055

7. Defined Benefit Pension Plans, continued

B. Policemen's and Firefighter's Pension Fund, continued

Pension Liabilities, Pension Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

Deferred Outflows of Resources and Deferred Inflows of Resources – Pension, continued:

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Actuarial Assumptions and Other Inputs - Pension

Actuarial Assumptions:

The total pension liability as of the January 1, 2025, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Method:	Entry Age Normal Funding Method
Asset Valuation Method:	Fair Value
COLAs:	2.50% per annum – based on 10-year COLA experience.
Retiree Joint & Survivor Percentage:	Actual contingent annuitant benefit divided by current retiree monthly annuity.
Mortality Rates:	Pub-2016 Safety Public Retirement Plans Generational Mortality Tables (Amount Weighted) adjusted to 2016 with projected mortality improvements under Scale MP-2021 (male and female scales)
Withdrawal Rates:	None
Disablement Rates:	None
Retirement Rates:	None. All participants are retired.
Salary Scale:	N/A
Discount Rate:	4.28% per annum, which represents the long-term rate of return assumption.

The solvency test as described under GASB Statement No. 68 was not performed since:

1. The City has demonstrated that their funding policy is to contribute at least the amount of annual benefit payments, and all participants are currently receiving benefits.

2. It is the actuary's understanding that the funding policy will continue to be to contribute an amount at least equal to the expected annual benefit payments.

7. Defined Benefit Pension Plans, continued

B. Policemen's and Firefighter's Pension Fund, continued

Actuarial Assumptions and Other Inputs - Pension, continued

Actuarial Assumptions, continued:

3. All participants are retirees and since the funding policy is to contribute the expected annual benefit payments, the plan will remain solvent assuming the City continues to contribute according to the funding policy.

4. The long-term rate of return is approximately the same as the 20-year municipal bond rate.

Changes in Assumptions and Methods from Prior Actuarial Valuation:

The mortality rate was previously using RP-2014 Generational Mortality Tables (Blue Collar) adjusted to 2006 with projected mortality improvements after year 2006 under Projection Scale MP-2021 (male and female scales), whereas the current mortality rate is using Pub-2016 Safety Public Retirement Plans Generational Mortality Tables (Amount Weighted) adjusted to 2016 with projected mortality improvements under Scale MP-2021 (male and female scales). This change is due to updated mortality tables used to better recognize current and future mortality improvements.

The discount rate was previously 4.00%, whereas the current discount rate is 4.28%. This change was in recognition of the 20-Year High Grade Bond Rate Environment as of the valuation date.

The Cost-of-Living Adjustment (COLA) rate was previously 2.00%, whereas the current COLA rate is 2.50%. This change was in recognition of a 10-year COLA experience study.

Sensitivity Analysis:

The following presents the net pension liability of the City calculated using the discount rate of 4.28%, as well as the net pension liability if calculated using a discount rate that is 1 percentage point lower (3.28%) or 1 percentage point higher (5.28%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	3.28%	4.28%	5.28%
Net Pension Liability	$ 626,191	$ 493,240	$ 375,339

7. Defined Benefit Pension Plans, continued

C. Total Pension Expense – Defined Benefit Pension Plans

For the year ended June 30, 2025, total pension expense for the City was as follows:

CERS – Hazardous employees	$ 918,507
CERS – Nonhazardous employees	2,272,329
PFPF	272,594
Total pension expense	$ 3,463,430

8. Other Post-Employment Benefits (OPEB) Plan

General Information about the OPEB Plan

Plan Description:

Employees of the City, as well as employees of HWEA and Solid Waste, participate in the County Employees Retirement System (CERS) health insurance plan, which consists of two components: hazardous and nonhazardous (although HWEA and Solid Waste have no employees under the hazardous plan). The plan is a cost-sharing, multiple-employer Other Postemployment Benefits (OPEB) plan administered by the Kentucky Public Pensions Authority (KPPA), a component unit of the Commonwealth of Kentucky, under the provision of Kentucky Revised Statute (KRS) 61.645.

Under the provisions of KRS Sections 78.782 and 61.645, the Board of Trustees of KPPA administers Kentucky Employees Retirement System (KERS), CERS, and State Police Retirement System (SPRS). Although the assets of the funds are invested as a whole, each plan's assets are accounted for separately, invested according to plan-specific asset allocation goals, and are used only for the payment of benefits to the members of that plan and a pro rata share of administrative costs, in accordance with the provisions of KRS Sections 78.630, 61.570, and 16.555. CERS and KERS are cost-sharing multiple-employer defined benefit plans that cover all regular full-time members employed in hazardous and nonhazardous positions of any state department, board, agency, county, city, school board, and any additional eligible local agencies electing to participate. The plans provide for health insurance benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances.

KPPA issues a publicly available financial report that includes financial statements and required supplementary information for CERS. The report may be obtained by writing to Kentucky Public Pension Authority, 1260 Louisville Road, Frankfort, Kentucky 40601, or it may be found at the KPPA website at www.kyret.ky.gov.

8. Other Post-Employment Benefits (OPEB) Plan, continued

General Information about the OPEB Plan, continued

Basis of Accounting:

For purposes of measuring the net other post-employment benefits plan (OPEB) asset/liability, deferred outflow of resources and deferred inflow of resources related to OPEB, and OPEB expense, information about fiduciary net position of CERS and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Since the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 74 requires that the liability associated with this implicit subsidy be included in the calculation of the total OPEB asset/liability.

OPEB Benefits Provided:

The following information summarizes the major OPEB benefit provisions of CERS (hazardous and nonhazardous). It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

Under the provisions of KRS Section 61.701, the KPPA Board also administers the KRS Insurance Fund. The Insurance Fund was established to provide hospital and medical insurance for eligible members receiving benefits from CERS, KERS, and SPRS. The assets of the Insurance Fund are segregated by plan. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. KPPA submits the premium payments to DEI and Humana. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

The amount of benefit paid by the Insurance Fund is based on years of service. For members who began participating prior to July 1, 2003, a percentage of the contribution rate is paid based on years of service with 100% of the contribution rate being paid with 20 years of service. Since the passage of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits have been calculated differently for members who began participating on or after July 1, 2003. Once members reach a minimum vesting period of 10 years, nonhazardous members whose participation began on or after July 1, 2003 earn $10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous members whose participation began on or after July 1, 2003 earn $15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a hazardous member, the member's spouse receives $10 per month for insurance benefits for each year of the deceased member's earned hazardous service. This dollar amount is subject to adjustment

8. Other Post-Employment Benefits (OPEB) Plan, continued

General Information about the OPEB Plan, continued

OPEB Benefits Provided, continued:

annually, which is currently 1.5%, based on KRS. House Bill 1 (2008 Kentucky General Assembly) changed the minimum vesting requirement for participation in the health insurance plan to 15 years for members whose participation began on or after September 1, 2008. This benefit is not protected under the inviolable contract provisions of KRS 16.652, 61.692, and 78.852. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands. The Insurance Plan pays 100% of the contribution rate for hospital and medical insurance premiums for the spouse and dependent of member who die as a direct result of an act in the line of duty or from a duty-related injury.

OPEB Contributions:

Employee contribution rates are set by statute and may be changed only by the Kentucky General Assembly. Tier 2 and Tier 3 members of the CERS plan contribute 1.00% of creditable compensation to an account created for the payment of health insurance benefits. Tier 1 members aren't required to contribute. See tier descriptions in Note 7A, County Employees Retirement System.

The City and its component units are required to contribute at an actuarially determined rate set by statute unless altered by legislation enacted by the Kentucky General Assembly. Per KRS Section 78.545(33), normal contribution and past service contribution rates shall be determined by the KPPA Board based an annual valuation last preceding July 1 of a new biennium. The KPPA Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KPPA Board.

For the fiscal year ended June 30, 2025 participating employers contributed 38.61% for hazardous members (36.49% allocated to pension and 2.12% allocated to OPEB) and 19.71% for nonhazardous members (19.71% allocated to pension and 0.00% allocated to OPEB) of each employee's creditable compensation. These percentages are inclusive of both pension and insurance payments for employers. Administrative costs of KPPA are financed through employer contributions and investment earnings.

The City met 100.00% of the contribution funding requirements to the OPEB fund for the year ended June 30, 2025. The City's total employer contributions to the OPEB fund (excluding the pension portion) were $229,491 ($229,491 for hazardous and $0 for nonhazardous) for the year ended June 30, 2025.

8. Other Post-Employment Benefits (OPEB) Plan, continued

General Information about the OPEB Plan, continued

OPEB Contributions, continued:

HWEA met 100.00% of the contribution funding requirements to the OPEB fund for the year ended June 30, 2025. HWEA's total contributions to the OPEB fund (excluding the pension portion) were $0 for the year ended June 30, 2025. HWEA has no employees classified as hazardous.

Solid Waste met 100.00% of the contribution funding requirements to the OPEB fund for the year ended June 30, 2025. Solid Waste's total contributions to the OPEB fund (excluding the pension portion) were $0 for the year ended June 30, 2025. Solid Waste has no employees classified as hazardous.

Schedules pertaining to CERS OPEB contributions by the City and its component units are located on pages 146 & 147.

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

OPEB Assets/Liabilities:

For the City and component units' fiscal year ended June 30, 2025, the total OPEB asset/liability was rolled-forward from the valuation date (June 30, 2023) to the plan's fiscal year ended June 30, 2024, using generally accepted actuarial principles.

The following is a summary of net OPEB (asset)/liability shown on the statement of net position as of June 30, 2025:

	Net OPEB (Asset)/Liability
City of Hopkinsville:	
Hazardous	$ 1,553,977
Nonhazardous	(433,080)
Total City of Hopkinsville	$ 1,120,897
HWEA:	
Nonhazardous	$ (305,331)
Solid Waste:	
Nonhazardous	$ (153,767)

8. Other Post-Employment Benefits (OPEB) Plan, continued

OPEB Assets/Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued

OPEB Assets/Liabilities, continued:

The net OPEB liability for June 30, 2025 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 June 30, 2023. The total OPEB liability was rolled-forward from the valuation date to the measurement date using generally accepted actuarial principles. The City's and its component units' proportion of the net OPEB liability was based on the City and its component units' share of contributions to the OPEB plan relative to the contributions of all participating employers. At June 30, 2025, the City's proportionate share of the hazardous net OPEB liability was 1.281075%, and its share of the nonhazardous net OPEB liability was 0.250364%; HWEA's proportionate share of the nonhazardous net OPEB liability was 0.176512%; and Solid Waste's proportionate share of the nonhazardous net OPEB liability was 0.088893%.

Schedules pertaining to the City and it's component units' proportionate share of the CERS net OPEB liabilities are located on pages 144 & 145.

OPEB Expense:

For the June 30, 2024 measurement date, the City was allocated ($2,362,405) in CERS OPEB expense/(income), which consisted of ($1,696,020) for hazardous and ($666,385) for nonhazardous. For the year ended June 30, 2024 measurement date, HWEA was allocated ($564,008) in CERS OPEB expense/(income) for nonhazardous pensions, and Solid Waste was allocated ($389,734) in CERS OPEB expense/(income) for nonhazardous pensions.

Deferred Outflows of Resources and Deferred Inflows of Resources - OPEB:

Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce OPEB expense, they are labeled as deferred inflows. If they will increase OPEB expense, they are labeled as deferred outflows.

Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees who are provided with OPEB through the OPEB plan (active employees and inactive members) determined as of the beginning of the measurement period.

Differences between projected and actual earnings on OPEB plan investments should be recognized in OPEB expense using a systematic and rational method over a closed five-year period. For this purpose, deferred outflows and inflows of resources are recognized in the OPEB expense as a level dollar amount over the closed period.

8. Other Post-Employment Benefits (OPEB) Plan, continued

OPEB Assets/Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued

Deferred Outflows of Resources and Deferred Inflows of Resources – OPEB, continued:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
City of Hopkinsville:		
Difference between expected and actual liability experience:		
Hazardous	$ 420,808	$ 5,687,911
Nonhazardous	240,268	3,407,487
	661,076	9,095,398
Difference between projected and actual earnings on OPEB plan investments:		
Hazardous	-	976,499
Nonhazardous	-	395,211
	-	1,371,710
Effects of change in assumptions:		
Hazardous	1,054,048	1,367,600
Nonhazardous	392,423	305,584
	1,446,471	1,673,184
Changes in proportion and differences between employer contributions and proportionate shares of plan contributions:		
Hazardous	-	1,241,293
Nonhazardous	704,100	-
	704,100	1,241,293
Subtotal	2,811,647	13,381,585
City contributions subsequent to the measurement date:		
Hazardous	229,491	-
Nonhazardous	-	-
	229,491	-
Total	$ 3,041,138	$13,381,585

8. Other Post-Employment Benefits (OPEB) Plan, continued

OPEB Assets/Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued

Deferred Outflows of Resources and Deferred Inflows of Resources – OPEB, continued:

The $229,491 reported as deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of net OPEB asset/liability in the City's fiscal year ending June 30, 2026. The remainder of deferred outflows and deferred inflows of resources related to OPEB will be amortized as follows (any positive amount will increase OPEB expense while any negative amount will decrease OEPB expense) for the future measurement periods:

Year Ending June 30:	
2025	$ (3,351,564)
2026	(2,662,984)
2027	(3,138,870)
2028	(1,501,028)
2029	84,508
Thereafter	-
	$(10,569,938)

At June 30, 2025, HWEA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
HWEA:		
Difference between expected and actual liability experience	$ 169,394	$2,402,351
Difference between projected and actual earnings on OPEB plan investments	-	278,632
Effect of change in assumptions	276,666	215,443
Changes in proportion and differences between employer contributions and proportionate share of plan contributions	180,240	38,048
Subtotal	626,300	2,934,474

8. Other Post-Employment Benefits (OPEB) Plan, continued

OPEB Assets/Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued

Deferred Outflows of Resources and Deferred Inflows of Resources – OPEB, continued:

	Deferred Outflows of Resources	Deferred Inflows of Resources
HWEA, continued:		
HWEA's contributions subsequent to the measurement date	$ -	$ -
Total	$ 626,300	$2,934,474

Deferred outflows of resources related to OPEB resulting from HWEA's contributions subsequent to the measurement date will be recognized as a reduction of net OPEB asset/liability in HWEA's fiscal year ending June 30, 2026; however, there were no such subsequent contributions at June 30, 2025. The remainder of deferred outflows and deferred inflows of resources related to OPEB will be amortized as follows (any positive amount will increase OPEB expense while any negative amount will decrease OPEB expense) for the future measurement periods:

Year Ending June 30:	
2025	$ (892,553)
2026	(753,979)
2027	(649,864)
2028	(11,778)
2029	-
Thereafter	-
	$(2,308,174)

At June 30, 2025, Solid Waste reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Solid Waste:		
Difference between expected and actual liability experience	$ 85,308	$1,209,845
Difference between projected and actual earnings on OPEB plan investments	-	140,322

8. Other Post-Employment Benefits (OPEB) Plan, continued

OPEB Assets/Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued

Deferred Outflows of Resources and Deferred Inflows of Resources – OPEB, continued:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Solid Waste, continued:		
Effect of change in assumptions	$ 139,332	$ 108,499
Changes in proportion and differences between employer contributions and proportionate share of plan contributions	7,600	118,957
Subtotal	232,240	1,577,623
Solid Waste's contributions subsequent to the measurement date	-	-
Total	$ 232,240	$1,577,623

Deferred outflows of resources related to OPEB resulting from Solid Waste's contributions subsequent to the measurement date will be recognized as a reduction of net OPEB liability in Solid Waste's fiscal year ending June 30, 2026; however, there were no such subsequent contributions at June 30, 2025. The remainder of deferred outflows and deferred inflows of resources related to OPEB will be amortized as follows (any positive amount will increase OPEB expense while any negative amount will decrease OPEB expense) for the future measurement periods:

Year Ending June 30:	
2025	$ (539,190)
2026	(429,154)
2027	(358,574)
2028	(18,465)
2029	-
Thereafter	-
	$(1,345,383)

8. Other Post-Employment Benefits (OPEB) Plan, continued

Actuarial Assumptions and Other Inputs – OPEB

Actuarial Assumptions:

For the City and its component units' fiscal year ended June 30, 2025, the total OPEB liability, net OPEB liability, and sensitivity information were based on an actuarial valuation date of June 30, 2023. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2024, using generally accepted actuarial principles.

The discount rate used to calculate the total OPEB asset/liability increased from 5.97% to 6.02% for hazardous insurance plans and from 5.93% to 5.99% for nonhazardous insurance plans. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2023 valuation process and was updated to better reflect the plan's anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in pre-Medicare healthcare costs.

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for the plan's fiscal year ended June 30, 2024:

Valuation Date:	June 30, 2022
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20.00% of the difference between the fair value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period:	30 years closed period at June 30, 2019 *(gains/losses incurring after 2019 will be amortized over separate 20-year amortization bases)*
Payroll Growth Rate:	2.00%
Investment Return:	6.25%
Inflation:	2.30%
Salary Increases:	3.55% to 19.05%; varies by service (hazardous) 3.30% to 10.30%; varies by service (nonhazardous)
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Healthcare Trend Rates (Pre-65):	Initial trend starting at 6.20% on January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2023 premiums were known at the time of the valuation and were incorporated into the liability measurement.

8. Other Post-Employment Benefits (OPEB) Plan, continued

Actuarial Assumptions and Other Inputs – OPEB, continued

Actuarial Assumptions, continued:

Healthcare Trend Rates (Post-65):	Initial trend starting at 9.00% on January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2023 premiums were known at the time of the valuation and were incorporated into the liability measurement.

Discount Rate Assumptions:

Discount Rate: Single discount rates used to measure the total OPEB liability for the hazardous plan was 6.02% for hazardous and 5.99% for nonhazardous. The single discount rates were based on the expected rate of return on OBEB plan investments of 6.50%.

Projected Cash Flows: The projection of cash flows used to determine the single discount rates includes an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy.

Long-Term Rate of Return: The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of return were developed for each asset class. The ranges were combined by weighting the expected future real rate of return by the target asset allocation percentage.

Municipal Bond Rate: The discount rate determination used a municipal bond rate of 3.97%, as reported in Fidelity Index's *20-Year Municipal GO AA Index* as of June 30, 2024.

Period of Projected Benefit Payments: Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions are 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 plan. However, the cost associated with the implicit employer subsidy is not included in the calculation of the actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the Plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

8. Other Post-Employment Benefits (OPEB) Plan, continued

Actuarial Assumptions and Other Inputs – OPEB, continued

Discount Rate Assumptions, continued:

Assumed Asset Allocations: For the June 30, 2024 measurement date, the target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity:		
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income:		
Core Fixed Income	10.00%	2.85%
Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected:		
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Expected Real Return	100.00%	4.69%
Long-Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		7.19%

Sensitivity Analysis: For the June 30, 2024 measurement date, the following presents the City and its component units' proportionate share of the net OPEB asset/liability calculated using the discount rate of 6.02% for hazardous and 5.99% for nonhazardous, as well as what the City and its component units' proportionate share of the net OPEB asset/liability would be if they were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City of Hopkinsville:			
CERS Hazardous:			
Discount Rate	5.02%	6.02%	7.02%
Proportionate Share Net OPEB (Asset)/Liability	$ 4,294,466	$ 1,553,977	$ (736,233)

8. Other Post-Employment Benefits (OPEB) Plan, continued

Actuarial Assumptions and Other Inputs – OPEB, continued

Discount Rate Assumptions, continued:

	1% Decrease	Current Discount Rate	1% Increase
City of Hopkinsville, continued:			
CERS Nonhazardous:			
Discount Rate	4.99%	5.99%	6.99%
Proportionate Share Net OPEB (Asset)/Liability	$ 585,573	$ (433,080)	$ (1,289,565)
HWEA:			
CERS Nonhazardous:			
Discount Rate	4.99%	5.99%	6.99%
Proportionate Share Net OPEB (Asset)/Liability	$ 412,842	$ (305,331)	$ (909,171)
Solid Waste:			
CERS Nonhazardous:			
Discount Rate	4.99%	5.99%	6.99%
Proportionate Share Net OPEB (Asset)/Liability	$ 207,911	$ (153,767)	$ (457,867)

For the June 30, 2024 measurement date, the following presents the City and its component units' proportionate share of the net OPEB asset/liability calculated using the healthcare cost trend rate, as well as what the City and its component units' proportionate share of the net OPEB asset/liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

8. Other Post-Employment Benefits (OPEB) Plan, continued

Actuarial Assumptions and Other Inputs – OPEB, continued

Discount Rate Assumptions, continued:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
City of Hopkinsville:			
Hazardous:			
Proportionate Share Net OPEB (Asset)/Liability	$ (240,898)	$ 1,553,977	$ 3,651,795
Nonhazardous:			
Proportionate Share Net OPEB (Asset)/Liability	$ (1,041,938)	$ (433,080)	$ 276,196
HWEA:			
Nonhazardous:			
Proportionate Share Net OPEB (Asset)/Liability	$ (734,589)	$ (305,331)	$ 194,724
Solid Waste:			
Nonhazardous:			
Proportionate Share Net OPEB (Asset)/Liability	$ (369,945)	$ (153,767)	$ 98,065

Payables to the OPEB Plan:

At June 30, 2025, the City and its component units reported no payables for outstanding contributions to the OPEB plans for the year then ended.

OPEB Plan Fiduciary Net Position:

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Kentucky Public Pensions Authority Annual Comprehensive Financial Report at www.kyret.ky.gov.

9. Accrued Landfill Closure/Post-closure Care Costs

State and federal laws and regulations require the City, on behalf of Solid Waste, to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The City closed its regular landfill in July 1995. The City and, subsequently, Solid Waste have operated a separate landfill section as a construction demolition debris (CDD) landfill since June 1995. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, Solid Waste reports a portion of these closure and post-closure care costs as an operating expense based on landfill capacity used as of the statement of net position date.

The estimated landfill closure and post-closure care liability at June 30, 2025 was $8,512,194. This represents the cumulative amount reported to date based on the use of the capacity of the landfill. The landfill had total capacity used of approximately 72% at June 30, 2025. These amounts are based on what it would cost to perform all closure and post-closure care as estimated by the consulting engineer. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

As of June 30, 2025, the total amount of closure and post-closure costs are estimated to be $11,822,491, leaving $3,310,297 remaining to be recognized. The remaining life of the landfill is estimated to be 5.08 years.

The City and Solid Waste are required by state and federal laws and regulations to provide assurances that financial resources will be available to provide for landfill closure and post-closure care. The City and Solid Waste are in compliance with these requirements, as determined by the Kentucky Energy and Environment Cabinet, by entering into a performance agreement. At June 30, 2025, $417,572 was held for closure and post-closure costs and reported in restricted cash on the statement of net position. The City and Solid Waste expect future inflation costs will be paid from these funds combined with future funding and related investment income. However, if earnings are inadequate or additional post-closure care requirements are determined due to changes in technology, laws, regulations, or other, additional funding will be required.

10. Deferred Outflows and Inflows of Resources

The City reports a decrease in net assets that relates to future periods as deferred outflows of resources in a separate section of its statement of net position. The City has two types of deferred outflows of resources reported in the statement of net position: (1) a deferred amount arising from the refunding of bonds in a previous year and (2) deferred amounts relating to contributions to the pension and OPEB plans. The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The deferred refunding amount is being amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows associated with the pension and OPEB plans will be recognized as a reduction of the net pension and net OPEB liabilities in future years.

10. Deferred Outflows and Inflows of Resources, continued

The City reports an increase in net assets that relates to future periods as deferred inflows of resources in a separate section of its statement of net position. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has two types of deferred inflows of resources reported in the statement of net position: (1) deferred amounts associated with the pension and OPEB plans and (2) deferred amounts related to leases where the City is the lessor. The deferred inflows associated with the pension and OPEB plans will be recognized in pension and OPEB expense in future years. The deferred inflows associated with leases will be recognized as a reduction in lease receivable and interest income in future years.

The deferred outflows of resources for HWEA include deferred charges on various debt refundings and deferred outflows relating to HWEA's contributions to the pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. Those amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows relating to the pension and OPEB plans will be recognized as reductions of the net pension and net OPEB liabilities in future years. The deferred inflows of resources for HWEA include deferred inflows associated with its pension and OPEB plans that will be recognized in pension and OPEB expense in future years, deferred revenue associated with the arrangement HWEA has with the U.S. Army Corps of Engineers (USACE) relating to financing the water project in Fort Campbell, and deferred revenue associated with customer payments collected in advance for fire service which is only billed twice a year.

The deferred outflows of resources for Solid Waste include deferred amounts arising from the pension and OPEB plans. The deferred outflows of resources associated with the pension and OPEB plans will be recognized as reductions of the net pension and net OPEB liabilities in future years. The deferred inflows of resources for Solid Waste include deferred amounts arising from the pension and OPEB plans. The deferred inflows of resources associated with its pension and OPEB plans will be recognized in pension and OPEB expense in future years.

11. Fund Balance Classification

The composition of the fund balance classifications at June 30, 2025 are as follows:

	Major Fund			
Fund balances:	General Fund	Fire Station 5 Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable	$ -	$ -	$ -	$ -
Restricted:				
Streets and sidewalks	-	-	4,915	4,915
Police incentives	-	-	873	873
Urban development block grant	-	-	833,994	833,994
Cemetery trusts	-	-	768,085	768,085
Local fiscal recovery	-	-	431,962	431,962
Opioid litigation funds	621,142	-	-	621,142
Capital projects	-	5,025,007	1,944,443	6,969,450
	621,142	5,025,007	3,984,272	9,630,421
Committed:				
Inner city development	467,690	-	-	467,690
Property maintenance code enforcement	189,636	-	-	189,636
Capital projects	1,397,456	-	-	1,397,456
Sick leave payout	689,486	-	-	689,486
Drug enforcement	-	-	521,045	521,045
Capital equipment replacement reserve	1,370,236	-	-	1,370,236
Economic development reserve	2,340,490	-	-	2,340,490
Building maintenance reserve	304,851	-	-	304,851
Health trust reserve	152,425	-	-	152,425
Pension reserve	1,201,994	-	-	1,201,994
	8,114,264	-	521,045	8,635,309
Assigned:				
Major equipment purchases	16,345	-	29,882	46,227
Community services	105,220	-	-	105,220
Insurance	113,665	-	-	113,665
Streets and sidewalks	-	-	353,535	353,535
Capital projects	17,997	425,972	937,981	1,381,950
	253,227	425,972	1,321,398	2,000,597
Unassigned	19,869,938	-	-	19,869,938
Total fund balances	$ 28,858,571	$ 5,450,979	$ 5,826,715	$ 40,136,265

12. Interfund Transfers

Transfers are used to (1) move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them, and (2) utilize unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the fiscal year ended June 30, 2025, consisted of the following:

	Transfers Out:			
	General Fund	Fire Station 5 Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ -	$1,347,880	$ 1,347,880
Fire Station 5 Fund	9,203,863	-	-	9,203,863
Internal Service Fund	643,319	-	-	643,319
Nonmajor Governmental Funds	1,526,234	-	4,251,975	5,778,209
Totals	$ 11,373,416	$ -	$5,599,855	$16,973,271

13. Commitments and Contingencies

Construction Commitments

At June 30, 2025, the City had the following material construction projects underway:

Project	Approx. Cost-to-Date	Estimated Cost to Complete
Fire Station 5 Remodel	$ 4,479,000	$ 4,177,000
Riverside Cemetery Paving	129,000	29,000
Pardue Lank Park Construction	452,000	457,000
Total	$ 5,060,000	$ 4,663,000

13. Commitments and Contingencies, continued

Construction Commitments, continued

At June 30, 2025, HWEA had the following material construction projects underway:

Project	Approx. Cost-to-Date	Estimated Cost to Complete
Southpark Water Tank Project	$ 261,000	$ 198,000
US-41A 24" Water Main Extension Contract B	2,009,000	445,000
KYTC US Hwy 68-80 / 7th St. Widening	43,000	374,000
Hwy 911 Project	67,000	203,000
Crescent St. Water Main Project	20,000	34,000
Total	$ 2,400,000	$ 1,254,000

At June 30, 2025, Solid Waste did not have any material construction projects underway.

At June 30, 2025, Stormwater had the following material construction projects underway:

Project	Approx. Cost-to-Date	Estimated Cost to Complete
Project A Construction	$ 2,602,000	$ 2,398,000
Total	$ 2,602,000	$ 2,398,000

Other Commitments

During the year ended June 30, 2020, the City entered into three intergovernmental support agreements with the United States. These agreements are for the City to provide the following services to the United States (for the Ft. Campbell, Kentucky Army Base): (1) bulk salt from October 2019 to October 2034, (2) road striping from March 2020 to September 2029, and (3) traffic signage from October 2020 to December 2025. These services are provided as needed at agreed upon prices with incremental increases each year.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at June 30 are included within the appropriate fund balances in the governmental funds and are not reported separately on the financial statements. Encumbrances do not constitute expenditures or liabilities because the commitments will be honored during the subsequent

13. Commitments and Contingencies, continued

Encumbrances, continued

year. Encumbrances are not recorded in the financial statements for proprietary and fiduciary fund types.

The governmental funds had encumbrances at June 30, 2025 as follows:

General Fund	$ 253,227
Fire Station 5 Fund	425,972
Nonmajor governmental funds	1,321,398
Total	$ 2,000,597

Litigation

Various legal actions and proceedings and claims are pending or may be instituted or asserted against the City in the future, including those arising out of automobile accidents; employment-related matters; law enforcement; and other.

Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not predictable with assurance. No accruals have been established for the matters discussed in the foregoing paragraph because the amount of possible loss or range of loss cannot be reasonably estimated. Furthermore, management believes that any financial responsibility that may be incurred in settlement of such claims and lawsuits would not be material to the City's financial position.

Contingencies

Under the terms of other federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement of the grant monies to the granting agencies. City management believes that disallowances, if any, will be immaterial.

The City has been notified it is has been awarded various grants for construction projects. These grants also require that the City match part of the proceeds.

The City has no immediate plans for bond issuances; however, the City plans to enter into various financing arrangements for equipment on behalf of Solid Waste.

14. Risk Management

The City and its component units are 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 and its component units carry commercial insurance for these types of risk of loss, including worker's compensation and employee health and accident

14. Risk Management, continued

insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. Claim liabilities are based on estimates of the ultimate cost of reported claims and an estimate for claims incurred but not reported based on historical experience.

The Health Insurance Fund was established to account for the City's employee health care coverage program that is self-insured by the City. Revenues are recognized from payroll deductions for employee and dependent coverage and from City contributions for employee coverage. At June 30, 2025, the claims liability was $214,741 (a current liability to be paid with current assets). Changes in the claims liability during the last two years are as follows:

	Balance at Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	Balance at End of Fiscal Year
2023-2024	$ 4,962	$3,943,697	$3,645,617	$ 303,042
2024-2025	$ 303,042	$2,685,925	$2,774,226	$ 214,741

HWEA is also self-insured for employee health care coverage. HWEA's health insurance premiums are composed of a fixed and a variable portion. The variable portion is based on actual claims experienced during the year and fluctuates each month based on claims. At June 30, 2025, the claims liability was $115,787. Changes in the claims liability during the last two fiscal years are as follows:

	Balance at Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	Balance at End of Fiscal Year
2023-2024	$ 85,905	$ 583,292	$ 597,026	$ 72,171
2024-2025	$72,171	$ 973,613	$ 929,997	$ 115,787

15. Related Party Transactions

The following are related party transactions between the City and its three discretely presented component units, which are not disclosed elsewhere in the notes to the statements:

15. Related Party Transactions, continued

The City assesses a percentage of HWEA and Solid Waste revenues as payments in lieu of taxes (PILOT). These entities had the following transactions related to these services for the year ended June 30, 2025:

	HWEA	Solid Waste
City PILOT revenue/entity expense	$ 331,680	$ 434,206
City receivable/entity payable for PILOT	86,172	-

HWEA provides billing and cash collection services for Solid Waste and Stormwater, as well as leachate purification services for Solid Waste. These entities had the following transactions related to these services for the year ended June 30, 2025:

	Solid Waste	Stormwater
HWEA revenue collected as payable to entity/entity receivable	$ 314,157	$ 72,592
HWEA billing and collection services revenue/entity expense	124,729	116,933
HWEA leachate purification services revenue/entity expense	63,852	-
HWEA services receivable/entity payable	34,181	108,973

Stormwater has contracted services with the City for bookkeeping services to be done by the City's Finance Department for $850 each month. For the year ended June 30, 2025, Stormwater's total expense (the City's total revenue) for these services was $10,200.

Stormwater has contracted services with Community and Development Services for administration services and code enforcement for $7,000 per month. Stormwater's total expense for these services was $84,000 for the year ended June 30, 2025.

For the year ended June 30, 2025, the City paid salaries and benefits on behalf of two joint ventures, Hopkinsville-Christian County Emergency Communications Center (ECC) and Hopkinsville-Christian County Ambulance Service District (Ambulance). The City was reimbursed by ECC and Ambulance $1,869,648 and $4,030,779, respectively.

See Note 1A for various related party transactions and Note 3 for loans receivable with related parties. Also see related party long-term obligations in Notes 5, 6, and 9.

16. Subsequent Events

Subsequent to the fiscal year ended June 30, 2025, the City and its component units had the following events:

In August 2025, the City repealed the Curbside Recycling Ordinance, and the City deferred Solid Waste's payment in lieu of taxes (PILOT) for fiscal year 2025-2026. In October 2025, the City purchased various downtown real estate for $500,000. In November 2025, the City voted to lower the Occupational License Net Profit Tax rate to 1.3%. It had been at 1.5% since 2007. This change will take effect July 1, 2026. Also in November 2025, the City repealed the Cable Television Oversight Authority. In December 2025, the City decided to close the Family Aquatic Center for the 2026 summer season to consider needed repairs.

HWEA continues to draw from open State Revolving Fund (SRF) loans with KIA in order to finance various ongoing construction projects. HWEA's Board approved multiple motions to award engineering contracts relating to the Moss Water Treatment Plant GAC Membrane Study, the Oak Grove Clean Water Plant Expansion & Renovation Study, Hopkinsville Low Pressure Force Main Design Project, and the Pembroke Low Pressure Force Main Design Project. HWEA's Board also approved multiple bid recommendations to procure various equipment. HWEA's Board approved the motion to issue a Letter of Intent to the Kentucky Association for Economic Development to notify them of HWEA's interest in applying for a Kentucky Product Development Initiative grant to be used to design sewer utility to better serve Commerce Park III by increasing sewer capacity. In August 2025, the Hopkinsville City Council adopted Municipal Order 36-2025 to increase HWEA's wholesale rate for water service provided to Christian County Water District. The increase will occur in three phases. The effective date for the Phase I rate of $3.07 per 1,000 gallons was effective October 1, 2025; the Phase II rate of $3.53 per 1,000 gallons will be effective October 1, 2026, and the Phase III rate of $3.98 per 1,000 gallons will be effective October 1, 2027. The Hopkinsville City Council also issued a Municipal Order to allow HWEA to apply for KIA SRF loan number A26-003S to help fund HWEA's SRF Phase IX – Priority 3 Sewer Rehabilitation Project. In December 2025, the KIA Board approved HWEA's loan application for this project. HWEA received approval from the Board to apply for grant funding from KYWWATERS in support of several projects, the largest of which is Phase IV – Southpark 2 MG Elevated Storage Tank at an estimated cost of $14.5 million. HWEA is currently working with FEMA to receive reimbursement for eligible expenses incurred during the April 2025 flood event.

The City, on behalf of Solid Waste, entered into various lease payables for vehicles totaling approximately $2.4 million. In August 2025, Solid Waste stopped curbside recycling.

Management has evaluated subsequent events through January 23, 2026, the date on which the financial statements were available to be issued.

17. Changes in Accounting Principle and to Financial Reporting Entity

The City formerly classified the Grants Fund as a major fund. It is being reclassed as a nonmajor fund for the year ended June 30, 2025. The effect of the change to government fund balance is shown on the table below.

During the year ended June 30, 2025, the City and Solid Waste implemented GASB Statement 101, *Compensated Absences*. The City and Solid Waste provide multiple types of employee leave but previously only accrued vacation leave and the portion of sick time expected to be converted to retirement. Both entities examined their past experience with all leave types and the accumulated leave that was more likely than not to be used by employees was estimated. As shown in the table below, the portion of the liability that existed at the beginning of the current year is recognized as a decrease in beginning net position resulting from the adoption of a new accounting standard.

	June 30, 2024 As Previously Reported	Change in or within the financial reporting entity	Change in accounting principle (GASB 101)	June 30, 2024 Restated
Government-Wide				
Governmental Activities	$ (2,583,396)	$ -	$ (1,912,108)	$ (4,495,504)
Governmental Funds				
Major Funds:				
General Fund	$ 26,377,579	$ -	$ -	$ 26,377,579
Fire Station 5 Fund	-	-	-	-
Grants Fund	633,302	(633,302)	-	-
Nonmajor Funds	8,441,066	633,302	-	9,074,368
Total Governmental Funds	$ 35,451,947	$ -	$ -	$ 35,451,947
Proprietary Fund				
Internal Service Fund	$ 105,644	$ -	$ -	$ 105,644
Fiduciary Fund				
Policemen's & Firefighter's Pension Fund	$ 1,246,380	$ -	$ -	$ 1,246,380
Discretely Presented Component Units				
HWEA	$ 58,800,880	$ -	$ -	$ 58,800,880
Solid Waste	(9,567,546)	-	(118,445)	(9,685,991)
Stormwater	7,772,800	-	-	7,772,800
Total Discretely Presented Component Units	$ 57,006,134	$ -	$ -	$ 56,887,689

18. Implementation of GASB Pronouncements

Adoption of New Account Pronouncements

The financial statements of the City are prepared in conformity with the accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the fiscal year ended June 30, 2025, the City adopted the following GASB pronouncements:

- Statement No. 101: *Compensated Absences*
- Statement No. 102: *Certain Risk Disclosures*

The City and its component units adopted GASB Statement No. 101 for the year ending June 30, 2025. The financial position for the City and Solid Waste was impacted with the adoption of this pronouncement due to the expanded calculation of the compensated absence liability and resulted in a restatement of net position in the amount of $1,912,108 for the City and $118,445 for Solid Waste. There was no a material impact on HWEA or Stormwater. See Note 17 for more information.

GASB Statement No. 102 was considered for application of use and determined not to have a material impact on financial reporting at this time.

Future Implementation of GASB Pronouncements

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

- Statement No. 103: *Financial Reporting Model Improvements* (effective fiscal year ending 2026)
- Statement No. 104: *Disclosure of Certain Capital Assets* (effective fiscal year ending 2026)

19. Single Audit Act

Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), requires non-federal entities that expend $750,000 or more a year in federal awards to have an audit performed in accordance with the provisions of the guidance. The Single Audit section is included in the Annual Comprehensive Financial Report after the Statistical Section.

CITY OF HOPKINSVILLE, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS)

City of Hopkinsville, Kentucky
Schedule of Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Actual (See **Note A**)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	$ 40,956	$ 3,537,607	$ 26,377,579	$ 22,839,972
Resources (inflows):				
Taxes	7,456,000	7,691,000	7,724,021	33,021
Licenses and permits	32,733,966	34,619,966	35,659,742	1,039,776
Fines and permits	35,000	35,000	228,181	193,181
Intergovernmental	5,187,948	5,978,566	6,120,085	141,519
Interest	977,200	977,200	1,500,334	523,134
Other revenues	3,906,711	4,081,711	4,384,524	302,813
Transfers in	857,050	1,293,053	1,347,880	54,827
Issuance of long-term debt	-	-	11,816,130	11,816,130
Amounts available for appropriation	51,194,831	58,214,103	95,158,476	36,944,373
Charges to appropriations (outflows):				
General government:				
Administrative	2,423,129	2,447,634	2,719,697	(272,063)
Tax department	907,200	907,200	524,187	383,013
Information technology	1,380,323	1,342,335	1,238,706	103,629
Legislative	438,560	468,560	467,547	1,013
Public safety:				
Police	10,731,480	10,696,410	10,451,919	244,491
Emergency communications	1,904,281	1,904,281	1,869,648	34,633
Fire	8,776,674	8,742,839	8,431,702	311,137
EMS	2,666,935	3,427,769	3,357,867	69,902
Fire prevention	956,962	976,962	926,084	50,878
Other	200,000	200,000	200,000	-
Public works:				
Administrative	475,924	461,131	436,451	24,680
Street	2,880,672	2,852,241	2,730,401	121,840
Ft. Campbell	960,812	936,259	477,781	458,478
Service center	626,257	615,254	572,333	42,921
Sanitation	-	-	3,985,213	(3,985,213)
Other	640,000	864,000	799,377	64,623
Community development	6,279,998	6,435,268	10,489,288	(4,054,020)
Parks and recreation:				
Main parks and recreation	1,580,098	1,547,612	1,400,253	147,359
Sportsplex	658,965	653,364	551,762	101,602
Waterpark	456,483	456,483	456,332	151
Debt service:				
Principal	1,577,440	1,577,440	1,577,440	-
Interest and finance charges	892,220	1,035,895	1,175,601	(139,706)
Capital outlays	-	398,053	398,053	-
Transfers out	3,780,418	9,267,113	11,373,416	(2,106,303)
Total charges to appropriations	51,194,831	58,214,103	66,611,058	(8,396,955)
Budgetary fund balance, end of year	$ -	$ -	$ 28,547,418	$ 28,547,418

CITY OF HOPKINSVILLE, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (RSI)
ON BUDGETARY ACCOUNTING AND CONTROL
For the Fiscal Year Ended June 30, 2025

Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting:

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

The City reports financial position, results of operations and changes in fund balance on the modified-accrual basis of generally accepted accounting principles (GAAP). The budget for the General Fund is legally adopted based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Budgetary Comparison Schedule presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note: See Note A on the following page as an aid in the reconciliation of the Budgetary Comparison Schedule to the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds.

City of Hopkinsville, Kentucky
Note to Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2025

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund
Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 95,158,476
Differences - budget to GAAP:	
Fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	(26,377,579)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(1,347,880)
Receivables are budgeted on the cash basis, rather than the modified accrual basis	427,378
Debt issuances are not budgeted	(11,816,130)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	$ 56,044,265
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "total charges to appropriation" from the budgetary comparison schedule	$ 66,611,058
Differences - budget to GAAP:	
Transfers from other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(11,373,416)
Payables are balanced on the cash basis, rather than the modified accrual basis	(9,176)
Payroll is balanced on the cash basis, rather than the modified accrual basis	125,401
New right-to-use assets are not budgeted	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	$ 55,353,867

City of Hopkinsville, Kentucky
Schedule of Required Supplementary Information
County Employees Retirement Systems (CERS)
Schedule of City of Hopkinsville's Proportionate Share of the Net Pension Liability
For the Fiscal Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Hazardous:										
City's proportion of the net pension liability	1.280855%	1.289268%	1.426677%	1.474428%	1.515386%	1.538672%	1.601529%	1.689418%	1.628784%	1.648732%
City's proportionate share of the net pension liability	$ 32,943,663	$ 34,758,093	$ 43,534,439	$ 39,251,621	$ 45,689,318	$ 42,502,665	$ 38,732,289	$ 37,796,986	$ 27,948,983	$ 25,309,788
City's covered payroll	$ 9,094,186	$ 9,224,714	$ 9,486,137	$ 8,890,106	$ 9,193,826	$ 9,258,347	$ 9,209,140	$ 9,489,583	$ 8,647,767	$ 8,431,262
City's proportionate share of the net pension liability as a percentage of its covered payroll	362.25%	376.79%	458.93%	441.52%	496.96%	459.07%	420.59%	398.30%	323.19%	300.19%
Total pension plan's fiduciary net position	$ 3,416,897,000	$ 3,035,192,000	$ 2,718,234,000	$ 2,914,408,000	$ 2,379,704,000	$ 2,413,708,000	$ 2,348,337,000	$ 2,217,996,136	$ 2,010,174,047	$ 2,078,201,667
Total pension plan's pension liability	$ 5,988,903,000	$ 5,731,148,000	$ 5,769,691,000	$ 5,576,567,000	$ 5,394,732,000	$ 5,176,003,000	$ 4,766,794,000	$ 4,455,274,669	$ 3,726,115,488	$ 3,613,307,547
Total pension plan fiduciary net position as a percentage of the total pension liability	57.05%	52.96%	47.11%	52.26%	44.11%	46.63%	49.26%	49.78%	53.95%	57.52%
Nonhazardous:										
City's proportion of the net pension liability	0.250143%	0.225800%	0.210444%	0.191445%	0.167561%	0.161441%	0.154914%	0.157111%	0.147963%	0.146015%
City's proportionate share of the net pension liability	$ 14,959,611	$ 14,488,476	$ 15,213,025	$ 12,206,120	$ 12,851,790	$ 11,354,217	$ 9,434,735	$ 9,196,190	$ 7,285,140	$ 6,277,960
City's covered payroll	$ 7,927,090	$ 6,773,389	$ 6,490,506	$ 5,480,591	$ 4,688,250	$ 4,448,052	$ 4,064,379	$ 4,022,388	$ 3,664,551	$ 3,410,997
City's proportionate share of the net pension liability as a percentage of its covered payroll	188.72%	213.90%	234.39%	222.72%	274.13%	255.26%	232.13%	228.63%	198.80%	184.05%
Total pension plan's fiduciary net position	$ 9,596,244,000	$ 8,672,597,000	$ 7,963,586,000	$ 8,565,652,000	$ 7,027,327,000	$ 7,159,921,000	$ 7,018,963,000	$ 6,687,237,095	$ 6,141,394,419	$ 6,440,799,856
Total pension plan's pension liability	$ 15,576,667,000	$ 15,089,106,000	$ 15,192,599,000	$ 14,941,437,000	$ 14,697,244,000	$ 14,192,966,000	$ 13,109,268,000	$ 12,540,544,538	$ 11,065,012,656	$ 10,740,325,421
Total pension plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%

Note: Please read Note 7 in the notes to the basic financial statements regarding detailed information on the City's pension plans.

The County Employees Retirement System measurement date is 12 months prior to the City's financial statements; the 2025 measurement date was June 30, 2024.

City of Hopkinsville, Kentucky
Schedule of Required Supplementary Information
County Employees Retirement Systems (CERS)
Schedule of Component Units' Proportionate Share of the Net Pension Liability
For the Fiscal Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
HWEA - Nonhazardous:										
HWEA's proportion of the net pension liability	0.176338%	0.168409%	0.169107%	0.171402%	0.146161%	0.130848%	0.130222%	0.136035%	0.129211%	0.118190%
HWEA's proportionate share of the net pension liability	$ 10,545,760	$ 10,805,978	$ 12,224,768	$ 10,928,222	$ 11,210,428	$ 9,202,598	$ 7,930,917	$ 7,962,547	$ 6,361,838	$ 5,081,523
HWEA's covered payroll	$ 5,645,939	$ 4,955,680	$ 4,720,038	$ 4,417,434	$ 3,760,467	$ 3,299,769	$ 3,256,186	$ 3,355,136	$ 3,131,198	$ 2,766,612
HWEA's proportionate share of the net pension liability as a percentage of its covered payroll	186.78%	218.05%	259.00%	247.39%	298.11%	278.89%	243.56%	237.32%	203.18%	183.67%
Total pension plan's fiduciary net position	$ 9,596,244,000	$ 8,672,597,000	$ 7,963,586,000	$ 8,565,652,000	$ 7,027,327,000	$ 7,159,921,000	$ 7,018,963,000	$ 6,687,237,095	$ 6,141,394,419	$ 6,440,799,856
Total pension plan's pension liability	$ 15,576,667,000	$ 15,089,106,000	$ 15,192,599,000	$ 14,941,437,000	$ 14,697,244,000	$ 14,192,966,000	$ 13,109,268,000	$ 12,540,544,538	$ 11,065,012,656	$ 10,740,325,421
Total pension plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%
Solid Waste - Nonhazardous:										
Solid Waste's proportion of the net pension liability	0.088893%	0.095470%	0.093717%	0.099684%	0.097806%	0.097613%	0.094047%	0.088442%	0.076398%	0.073008%
Solid Waste's proportionate share of the net pension liability	$ 5,310,975	$ 5,809,956	$ 6,774,815	$ 6,355,637	$ 7,501,639	$ 6,865,166	$ 5,727,749	$ 5,176,782	$ 3,761,528	$ 3,138,976
Solid Waste's covered payroll	$ 2,793,506	$ 2,628,353	$ 2,652,367	$ 2,591,079	$ 2,505,390	$ 2,484,490	$ 2,339,156	$ 2,161,508	$ 1,822,532	$ 1,688,607
Solid Waste's proportionate share of the net pension liability as a percentage of its covered payroll	190.12%	221.05%	255.43%	245.29%	299.42%	276.32%	244.86%	239.50%	206.39%	185.89%
Total pension plan's fiduciary net position	$ 9,596,244,000	$ 8,672,597,000	$ 7,963,586,000	$ 8,565,652,000	$ 7,027,327,000	$ 7,159,921,000	$ 7,018,963,000	$ 6,687,237,095	$ 6,141,394,419	$ 6,440,799,856
Total pension plan's pension liability	$ 15,576,667,000	$ 15,089,106,000	$ 15,192,599,000	$ 14,941,437,000	$ 14,697,244,000	$ 14,192,966,000	$ 13,109,268,000	$ 12,540,544,538	$ 11,065,012,656	$ 10,740,325,421
Total pension plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%

Note: Please read Note 7 in the notes to the basic financial statements regarding detailed information on HWEA's and Solid Waste's pension plans.

The County Employees Retirement System measurement date is 12 months prior to HWEA's and Solid Waste's financial statements; the 2025 measurement date was June 30, 2024.

City of Hopkinsville, Kentucky
Schedule of Required Supplementary Information
County Employees Retirement Systems (CERS)
Schedule of City of Hopkinsville's Pension Contributions
For the Fiscal Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Hazardous:										
Statutorily required contributions	$ 3,950,064	$ 3,973,250	$ 3,898,960	$ 3,167,386	$ 2,667,615	$ 2,676,454	$ 2,179,861	$ 2,111,018	$ 2,880,492	$ 2,790,174
Contributions in relation to the statutorily required contributions	(3,950,064)	(3,973,250)	(3,898,960)	(3,167,386)	(2,667,615)	(2,676,454)	(2,179,861)	(2,111,018)	(2,880,492)	(2,790,174)
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's contributions as a percentage of statutorily required contribution for pension	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
City's covered payroll	$ 10,230,676	$ 9,094,186	$ 9,224,714	$ 9,486,137	$ 8,890,106	$ 9,193,826	$ 9,258,347	$ 9,209,140	$ 9,489,583	$ 8,647,767
Contributions as a percentage of covered payroll	38.61%	43.69%	42.27%	33.39%	30.01%	29.11%	23.54%	22.92%	30.35%	32.26%
Nonhazardous:										
Statutorily required contributions	$ 1,765,746	$ 1,850,183	$ 1,553,438	$ 1,244,148	$ 955,976	$ 837,958	$ 665,352	$ 554,999	$ 714,562	$ 602,161
Contributions in relation to the statutorily required contributions	(1,765,746)	(1,850,183)	(1,553,438)	(1,244,148)	(955,976)	(837,958)	(665,352)	(554,999)	(714,562)	(602,161)
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's contributions as a percentage of statutorily required contribution for pension	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
City's covered payroll	$ 8,958,630	$ 7,927,090	$ 6,773,389	$ 6,490,506	$ 5,480,591	$ 4,688,250	$ 4,448,052	$ 4,064,379	$ 4,022,388	$ 3,664,551
Contributions as a percentage of covered payroll	19.71%	23.34%	22.93%	19.17%	17.44%	17.87%	14.96%	13.66%	17.76%	16.43%

Note: Please read Note 7 in the notes to the basic financial statements regarding detailed information on the City's pension plans.

City of Hopkinsville, Kentucky
Schedule of Required Supplementary Information
County Employees Retirement Systems (CERS)
Schedule of Component Units' Pension Contributions
For the Fiscal Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
HWEA - Nonhazardous:										
HWEA's statutorily required contributions	$ 1,172,059	$ 1,317,762	$ 1,159,629	$ 999,232	$ 852,565	$ 725,770	$ 535,347	$ 464,785	$ 464,029	$ 394,384
HWEA's contributions in relation to the statutorily required contributions	(1,172,059)	(1,317,762)	(1,159,629)	(999,232)	(852,565)	(725,770)	(535,347)	(464,785)	(464,029)	(394,384)
HWEA's annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
HWEA's contributions as a percentage of statutorily required contribution for pension	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
HWEA's covered payroll	$ 5,946,205	$ 5,645,939	$ 4,955,680	$ 4,720,038	$ 4,417,434	$ 3,760,467	$ 3,299,769	$ 3,256,186	$ 3,355,136	$ 3,131,198
HWEA's contributions as a percentage of covered payroll	19.71%	23.34%	23.40%	21.17%	19.30%	19.30%	16.22%	14.27%	13.83%	12.60%
Solid Waste - Nonhazardous:										
Solid Waste's statutorily required contributions	$ 591,336	$ 653,637	$ 615,035	$ 561,506	$ 500,078	$ 483,540	$ 402,984	$ 338,710	$ 405,369	$ 320,925
Solid Waste's contributions in relation to the statutorily required contributions	(591,336)	(653,637)	(615,035)	(561,506)	(500,078)	(483,540)	(402,984)	(338,710)	(405,369)	(320,925)
Solid Waste's annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Solid Waste's contributions as a percentage of statutorily required contribution for pension	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Solid Waste's covered payroll	$ 3,000,181	$ 2,793,506	$ 2,628,353	$ 2,652,367	$ 2,591,079	$ 2,505,390	$ 2,484,490	$ 2,339,156	$ 2,161,508	$ 1,822,532
Solid Waste's contributions as a percentage of covered payroll	19.71%	23.34%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	18.75%	17.61%

Note: Please read Note 7 in the notes to the basic financial statements regarding detailed information on HWEA's and Solid Waste's pension plans.

City of Hopkinsville, Kentucky
Schedule of Required Supplementary Information
Policemen's and Firefighter's Pension Fund
Schedule of Changes in the Net Pension Liability and Related Ratios
For the Fiscal Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest cost	66,828	72,090	49,770	49,800	85,764	98,437	103,866	120,673	168,334	212,523
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	118,485	55,689	(149,962)	(164,507)	(124,822)	(71,380)	(82,327)	26,565	(734,902)	(748,273)
Changes of assumptions	106,527	63,778	(245,925)	(49,030)	206,793	137,014	(344,703)	154,101	(100,401)	(235,376)
Benefit payments	(197,064)	(189,289)	(197,976)	(212,313)	(225,228)	(252,195)	(267,955)	(266,054)	(315,549)	(354,942)
Other	-	-	-	-	-	-	-	-	-	-
Net change in total pension liability	94,776	2,268	(544,093)	(376,050)	(57,493)	(88,124)	(591,119)	35,285	(982,518)	(1,126,068)
Total pension liability-beginning	1,777,431	1,775,163	2,319,256	2,695,306	2,752,799	2,840,923	3,432,042	3,396,757	4,379,275	5,505,343
Total pension liability-ending	$ 1,872,207	$ 1,777,431	$ 1,775,163	$ 2,319,256	$ 2,695,306	$ 2,752,799	$ 2,840,923	$ 3,432,042	$ 3,396,757	$ 4,379,275
Plan Fiduciary Net Position										
Contributions-employer	$ 200,000	$ 220,000	$ 235,000	$ 235,000	$ 235,000	$ 285,000	$ 285,000	$ 325,000	$ 375,000	$ 399,744
Contributions-employee	-	-	-	-	-	-	-	-	-	-
Net investment income	59,249	48,485	(35,230)	(1,348)	54,679	47,206	12,238	10,324	11,640	13,081
Benefit payments	(197,064)	(189,289)	(197,976)	(212,313)	(225,228)	(252,195)	(267,955)	(266,054)	(315,549)	(354,942)
Administration expenses	(17,778)	(18,161)	(28,340)	(15,926)	(24,119)	(16,778)	(8,444)	(21,933)	(7,162)	(13,440)
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	44,407	61,035	(26,546)	5,413	40,332	63,233	20,839	47,337	63,929	44,443
Plan fiduciary net position-beginning	1,334,560	1,273,525	1,300,071	1,294,658	1,254,326	1,191,093	1,170,254	1,122,917	1,058,988	1,014,545
Plan fiduciary net position-ending	$ 1,378,967	$ 1,334,560	$ 1,273,525	$ 1,300,071	$ 1,294,658	$ 1,254,326	$ 1,191,093	$ 1,170,254	$ 1,122,917	$ 1,058,988
Net Pension Liability	$ 493,240	$ 442,871	$ 501,638	$ 1,019,185	$ 1,400,648	$ 1,498,473	$ 1,649,830	$ 2,261,788	$ 2,273,840	$ 3,320,287
Plan fiduciary net position as a percentage of the total pension liability	73.65%	75.08%	71.74%	56.06%	48.03%	45.57%	41.93%	34.10%	33.06%	24.18%
Covered payroll	-	-	-	-	-	-	-	-	-	-
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: Please read Note 7 in the notes to the basic financial statements regarding detailed information on the City's pension plans.

City of Hopkinsville, Kentucky
Schedule of Required Supplementary Information
Policemen's and Firefighter's Pension Fund
Schedule of Contributions
For the Fiscal Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarily determined contribution	$ 97,568	$ 111,316	$ 215,403	$ 293,749	$ 324,428	$ 360,414	$ 488,532	$ 497,550	$ 731,484	$ 989,356
Contributions in relation to the actuarilly determined contribution	200,000	220,000	235,000	235,000	235,000	285,000	285,000	325,000	375,000	399,744
Contribution deficiency (excess)	$ (102,432)	$ (108,684)	$ (19,597)	$ 58,749	$ 89,428	$ 75,414	$ 203,532	$ 172,550	$ 356,484	$ 589,612
Covered payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: Please read Note 7 in the notes to the basic financial statements regarding detailed information on the City's pension plans.

City of Hopkinsville, Kentucky
Schedule of Required Supplementary Information
Policemen's and Firefighter's Pension Fund
Schedule of Investment Return
For the Fiscal Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense	4.09%	3.27%	-3.99%	-1.02%	2.73%	2.95%	0.37%	1.07%	1.33%	1.59%

Note: Please read Note 7 in the notes to the basic financial statements regarding detailed information on the City's pension plans.

City of Hopkinsville, Kentucky
Schedule of Required Supplementary Information
County Employees Retirement Systems (CERS)
Schedule of City of Hopkinsville's Proportionate Share of the Net OPEB Liability
For the Fiscal Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018
Hazardous:								
City's proportion of the net OPEB liability	1.281075%	1.288553%	1.426193%	1.474424%	1.514985%	1.538368%	1.601619%	1.689418%
City's proportionate share of the net OPEB (asset)/liability	$ 1,553,977	$ 1,763,037	$ 12,148,109	$ 11,921,593	$ 14,000,061	$ 11,381,766	$ 11,418,894	$ 13,965,938
City's covered payroll	$ 9,094,186	$ 9,224,714	$ 9,486,137	$ 8,890,106	$ 9,193,826	$ 9,258,347	$ 9,209,140	$ 9,489,583
City's proportionate share of the net OPEB (asset)/liability as a percentage of its covered payroll	17.09%	19.11%	128.06%	134.10%	152.28%	122.94%	124.00%	147.17%
Total plan fiduciary net position	$ 1,752,366,000	$ 1,634,192,000	$ 1,522,671,000	$ 1,627,824,000	$ 1,321,117,000	$ 1,340,714,000	$ 1,280,982,000	$ 1,189,001,387
Total OPEB liability	$ 1,873,669,000	$ 1,771,015,000	$ 2,374,457,000	$ 2,436,383,000	$ 2,245,222,000	$ 2,080,574,000	$ 1,993,941,000	$ 2,015,672,964
Total plan fiduciary net position as a percentage of the total OPEB liability	93.53%	92.27%	64.13%	66.81%	58.84%	64.44%	64.24%	58.99%
Nonhazardous:								
City's proportion of the net OPEB liability	0.250364%	0.225792%	0.210414%	0.191400%	0.167513%	0.161399%	0.154908%	0.157111%
City's proportionate share of the net OPEB (asset)/liability	$ (433,080)	$ (311,744)	$ 4,152,549	$ 3,664,257	$ 4,044,930	$ 2,714,658	$ 2,750,361	$ 3,158,469
City's covered payroll	$ 7,927,090	$ 6,773,389	$ 6,490,506	$ 5,480,591	$ 4,688,250	$ 4,448,052	$ 4,064,379	$ 4,022,388
City's proportionate share of the net OPEB (asset)/liability as a percentage of its covered payroll	-5.46%	-4.60%	63.98%	66.86%	86.28%	61.03%	67.67%	78.52%
Total plan fiduciary net position	$ 3,707,277,000	$ 3,398,375,000	$ 3,079,984,000	$ 3,246,801,000	$ 2,581,613,000	$ 2,569,511,000	$ 2,414,126,000	$ 2,212,535,662
Total OPEB liability	$ 3,534,297,000	$ 3,260,308,000	$ 5,053,498,000	$ 5,161,251,000	$ 4,996,309,000	$ 4,251,466,000	$ 4,189,606,000	$ 4,222,877,716
Total plan fiduciary net position as a percentage of the total OPEB liability	104.89%	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.39%

Note: This schedule is intended to present a ten-year trend. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until ten years of information is available.

Note: Please read Note 8 in the notes to the basic financial statements regarding detailed information on the City's OPEB plan.

The County Employees Retirement System measurement date is 12 months prior to the City's financial statements; the 2025 measurement date was June 30, 2024.

City of Hopkinsville, Kentucky
Schedule of Required Supplementary Information
County Employees Retirement Systems (CERS)
Schedule of Component Units' Proportionate Share of the Net OPEB Liability
For the Fiscal Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018
HWEA - Nonhazardous:								
HWEA's proportion of the net OPEB liability	0.176512%	0.168403%	0.169077%	0.171362%	0.146119%	0.130814%	0.130217%	0.136035%
HWEA's proportionate share of the net OPEB (asset)/liability	$ (305,331)	$ (232,508)	$ 3,336,758	$ 3,280,640	$ 3,528,329	$ 2,200,233	$ 2,311,977	$ 2,734,769
HWEA's covered payroll	$ 5,645,939	$ 4,955,680	$ 4,720,038	$ 4,417,434	$ 3,760,467	$ 3,299,769	$ 3,256,186	$ 3,355,136
HWEA's proportionate share of the net OPEB (asset)/liability as a percentage of its covered payroll	-5.41%	-4.69%	70.69%	74.27%	93.83%	66.68%	71.00%	81.51%
Total plan fiduciary net position	$ 3,707,277,000	$ 3,398,375,000	$ 3,079,984,000	$ 3,246,801,000	$ 2,581,613,000	$ 2,569,511,000	$ 2,414,126,000	$ 2,212,535,662
Total OPEB liability	$ 3,534,297,000	$ 3,260,308,000	$ 5,053,498,000	$ 5,161,251,000	$ 4,996,309,000	$ 4,251,466,000	$ 4,189,606,000	$ 4,222,877,716
Total plan fiduciary net position as a percentage of the total OPEB liability	104.89%	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.39%
Solid Waste - Nonhazardous:								
Solid Waste's proportion of the net OPEB liability	0.088893%	0.090543%	0.093700%	0.099661%	0.097777%	0.097595%	0.094044%	0.088442%
Solid Waste's proportionate share of the net OPEB (asset)/liability	$ (153,767)	$ (125,010)	$ 1,849,182	$ 1,907,960	$ 2,361,017	$ 1,641,504	$ 1,669,733	$ 1,777,987
Solid Waste's covered payroll	$ 2,793,506	$ 2,628,353	$ 2,652,367	$ 2,591,079	$ 2,505,390	$ 2,484,490	$ 2,339,156	$ 2,161,508
Solid Waste's proportionate share of the net OPEB (asset)/liability as a percentage of its covered payroll	-5.50%	-4.76%	69.72%	73.64%	94.24%	66.07%	71.38%	82.26%
Total plan fiduciary net position	$ 3,707,277,000	$ 3,398,375,000	$ 3,079,984,000	$ 3,246,801,000	$ 2,581,613,000	$ 2,569,511,000	$ 2,414,126,000	$ 2,212,535,662
Total OPEB liability	$ 3,534,297,000	$ 3,260,308,000	$ 5,053,498,000	$ 5,161,251,000	$ 4,996,309,000	$ 4,251,466,000	$ 4,189,606,000	$ 4,222,877,716
Total plan fiduciary net position as a percentage of the total OPEB liability	104.89%	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.39%

Note: This schedule is intended to present a ten-year trend. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until ten years of information is available.

Note: Please read Note 8 in the notes to the basic financial statements regarding detailed information on the City's OPEB plan.

The County Employees Retirement System measurement date is 12 months prior to HWEA & Solid Waste's financial statements; the 2025 measurement date was June 30, 2024.

City of Hopkinsville, Kentucky
Schedule of Required Supplementary Information
County Employees Retirement Systems (CERS)
Schedule of City of Hopkinsville's OPEB Contributions
For the Fiscal Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018
Hazardous:								
Statutorily required contributions	$ 229,491	$ 249,355	$ 617,495	$ 979,401	$ 844,834	$ 847,633	$ 917,698	$ 703,673
Contributions in relation to the statutorily required contributions	(229,491)	(249,355)	(617,495)	(979,401)	(844,834)	(847,633)	(917,698)	(703,673)
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's contributions as a percentage of statutorily required contribution for OPEB	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
City's covered payroll	$ 10,230,976	$ 9,094,186	$ 9,224,714	$ 9,486,137	$ 8,890,106	$ 9,193,826	$ 9,258,347	$ 9,209,140
Contributions as a percentage of covered payroll	2.24%	2.74%	6.69%	10.32%	9.50%	9.22%	9.91%	7.64%
Nonhazardous:								
Statutorily required contributions	$ -	$ -	$ 225,049	$ 339,687	$ 235,775	$ 206,667	$ 215,768	$ 185,000
Contributions in relation to the statutorily required contributions	-	-	(225,049)	(339,687)	(235,775)	(206,667)	(215,768)	(185,000)
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's contributions as a percentage of statutorily required contribution for OPEB	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
City's covered payroll	$ 8,958,630	$ 7,927,090	$ 6,773,389	$ 6,490,506	$ 5,480,591	$ 4,688,250	$ 4,448,052	$ 4,064,379
Contributions as a percentage of covered payroll	0.00%	0.00%	3.32%	5.23%	4.30%	4.41%	4.85%	4.55%

Note: This schedule is intended to present a ten-year trend. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until ten years of information is available.

Note: Please read Note 8 in the notes to the basic financial statements regarding detailed information on the City's OPEB plan.

City of Hopkinsville, Kentucky
Schedule of Required Supplementary Information
County Employees Retirement Systems (CERS)
Schedule of Component Units' OPEB Contributions
For the Fiscal Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018
HWEA - Nonhazardous:								
HWEA's statutorily required contributions	$ -	$ -	$ 167,998	$ 272,818	$ 210,270	$ 178,998	$ 173,608	$ 154,929
HWEA's contributions in relation to the statutorily required contributions	-	-	(167,998)	(272,818)	(210,270)	(178,998)	(173,608)	(154,929)
HWEA's annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
HWEA's contributions as a percentage of statutorily required contribution for OPEB	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
HWEA's covered payroll	$ 5,946,205	$ 5,645,939	$ 4,955,680	$ 4,720,038	$ 4,417,434	$ 3,760,467	$ 3,299,769	$ 3,256,186
HWEA's contributions as a percentage of covered payroll	0.00%	0.00%	3.39%	5.78%	4.76%	4.76%	5.26%	4.76%
Solid Waste - Nonhazardous:								
Solid Waste's statutorily required contributions	$ -	$ -	$ 89,101	$ 153,307	$ 123,335	$ 119,257	$ 130,684	$ 109,940
Solid Waste's contributions in relation to the statutorily required contributions	-	-	(89,101)	(153,307)	(123,335)	(119,257)	(130,684)	(109,940)
Solid Waste's annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Solid Waste's contributions as a percentage of statutorily required contribution for OPEB	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Solid Waste's covered payroll	$ 3,000,181	$ 2,793,506	$ 2,628,353	$ 2,652,367	$ 2,591,079	$ 2,505,390	$ 2,484,490	$ 2,339,156
Solid Waste's contributions as a percentage of covered payroll	0.00%	0.00%	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%

Note: This schedule is intended to present a ten-year trend. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until ten years of information is available.

Note: Please read Note 8 in the notes to financial statements regarding detailed information on HWEA's and Solid Waste's OPEB plan.

CITY OF HOPKINSVILLE, KENTUCKY
COMBINING NONMAJOR FUND
FINANCIAL STATEMENTS AND SCHEDULES

City of Hopkinsville, Kentucky
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
ASSETS				
Pooled cash and cash equivalents	$ 1,458,245	$ 2,516,721	$ -	$ 3,974,966
Non-pooled cash and cash equivalents	998,598	-	555,022	1,553,620
Investments	-	-	-	-
Loans receivable	146,317	-	-	146,317
Other receivables	161,031	-	-	161,031
Total assets	$ 2,764,191	$ 2,516,721	$ 555,022	$ 5,835,934
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 9,219	$ -	$ -	$ 9,219
Total liabilities	9,219	-	-	9,219
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	1,880,392	1,548,858	555,022	3,984,272
Committed	521,045	-	-	521,045
Assigned	353,535	967,863	-	1,321,398
Unassigned	-	-	-	-
Total fund balances	2,754,972	2,516,721	555,022	5,826,715
Total liabilities and fund balances	$ 2,764,191	$ 2,516,721	$ 555,022	$ 5,835,934

City of Hopkinsville, Kentucky
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2025

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	$ 3,706,986	$ -	$ -	$ 3,706,986
Investment income (loss)	109,983	-	59,350	169,333
Other revenue	301,159	1,559	21,361	324,079
Total revenues	4,118,128	1,559	80,711	4,200,398
EXPENDITURES				
Current:				
General government	3,848	10,888	-	14,736
Public safety	974,031	14,563	-	988,594
Public works	161,183	-	-	161,183
Community development	329,375	200,000	-	529,375
Parks and recreation	-	66,795	-	66,795
Debt Service:				
Principal	75,000	170,298	-	245,298
Interest	17,978	3,610	-	21,588
Expenditures	-	-	-	-
Capital outlay	2,472,805	3,126,031	-	5,598,836
Total expenditures	4,034,220	3,592,185	-	7,626,405
Excess (deficiency) of revenues over (under) expenditures	83,908	(3,590,626)	80,711	(3,426,007)
OTHER FINANCING SOURCES (USES)				
Transfers in	358,924	5,419,285	-	5,778,209
Transfers out	(3,452,054)	(2,147,801)	-	(5,599,855)
Issuance of debt	-	-	-	-
Premium (discount) on bond issue	-	-	-	-
Total other financing sources (uses)	(3,093,130)	3,271,484	-	178,354
Net change in fund balances	(3,009,222)	(319,142)	80,711	(3,247,653)
Fund balances, beginning, as previously presented	5,130,892	2,835,863	474,311	8,441,066
Change within financial reporting (major to nonmajor fund)	633,302	-	-	633,302
Fund balances, beginning, restated	5,764,194	2,835,863	474,311	9,074,368
Fund balances, ending	$ 2,754,972	$ 2,516,721	$ 555,022	$ 5,826,715

City of Hopkinsville, Kentucky
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2025

	Municipal Road Aid	Community Development Block Grant	Police Incentive	Fire Incentive	Urban Development Action Grant	Drug Enforcement	Expendable Trust	Grants	ARPA	Total Nonmajor Special Revenue Funds
ASSETS										
Pooled cash	$ 358,450	$ -	$ 873	$ -	$ 687,677	$ 164,966	$ -	$ 246,279	$ -	$ 1,458,245
Non-pooled cash	-	-	-	-	-	353,573	213,063	-	431,962	998,598
Investments	-	-	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	146,317	-	-	-	-	146,317
Other receivables	-	9,219	-	-	-	2,506	-	149,306	-	161,031
Total assets	$ 358,450	$ 9,219	$ 873	$ -	$ 833,994	$ 521,045	$ 213,063	$ 395,585	$ 431,962	$ 2,764,191
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accounts payable	$ -	$ 9,219	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,219
Total liabilities	-	9,219	-	-	-	-	-	-	-	9,219
FUND BALANCES										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	4,915	-	873	-	833,994	-	213,063	395,585	431,962	1,880,392
Committed	-	-	-	-	-	521,045	-	-	-	521,045
Assigned	353,535	-	-	-	-	-	-	-	-	353,535
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	358,450	-	873	-	833,994	521,045	213,063	395,585	431,962	2,754,972
Total liabilities and fund balances	$ 358,450	$ 9,219	$ 873	$ -	$ 833,994	$ 521,045	$ 213,063	$ 395,585	$ 431,962	$ 2,764,191

City of Hopkinsville, Kentucky
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2025

	Municipal Road Aid	Community Development Block Grant	Police Incentive	Fire Incentive	Urban Development Action Grant	Drug Enforcement	Expendable Trust	Grants	ARPA	Total Nonmajor Special Revenue Funds
REVENUES										
Intergovernmental	$ 677,496	$ 155,734	$ 457,235	$ 447,322	$ -	$ -	$ -	$ 1,969,199	$ -	$ 3,706,986
Investment income (loss)	7,749	-	-	-	2,526	17,957	(391)	-	82,142	109,983
Other revenue	-	-	-	-	154,362	84,026	207	62,564	-	301,159
Total revenues	685,245	155,734	457,235	447,322	156,888	101,983	(184)	2,031,763	82,142	4,118,128
EXPENDITURES										
Current:										
General government	-	-	-	-	-	-	3,848	-	-	3,848
Public safety	-	-	457,272	447,322	-	36,670	-	32,767	-	974,031
Public works	161,183	-	-	-	-	-	-	-	-	161,183
Community development	-	62,756	-	-	25,092	-	-	229,775	11,752	329,375
Parks and recreation	-	-	-	-	-	-	-	-	-	-
Debt Service:										
Principal	-	75,000	-	-	-	-	-	-	-	75,000
Interest	-	17,978	-	-	-	-	-	-	-	17,978
Expenditures	-	-	-	-	-	-	-	-	-	-
Capital outlay	731,316	-	-	-	-	29,120	137,230	1,575,139	-	2,472,805
Total expenditures	892,499	155,734	457,272	447,322	25,092	65,790	141,078	1,837,681	11,752	4,034,220
Excess (deficiency) of revenues over (under) expenditures	(207,254)	-	(37)	-	131,796	36,193	(141,262)	194,082	70,390	83,908
OTHER FINANCING SOURCES (USES)										
Transfers in	283,788	-	-	-	-	16,105	-	59,031	-	358,924
Transfer out	-	-	-	-	-	-	-	(490,830)	(2,961,224)	(3,452,054)
Issuance of debt	-	-	-	-	-	-	-	-	-	-
Premium (discount) on bond issue	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	283,788	-	-	-	-	16,105	-	(431,799)	(2,961,224)	(3,093,130)
Net change in fund balances	76,534	-	(37)	-	131,796	52,298	(141,262)	(237,717)	(2,890,834)	(3,009,222)
Fund balances, beginning, as previously presented	281,916	-	910	-	702,198	468,747	354,325	-	3,322,796	5,130,892
Change within financial reporting (major to nonmajor fund)	-	-	-	-	-	-	-	633,302	-	633,302
Fund balances, beginning, restated	281,916	-	910	-	702,198	468,747	354,325	633,302	3,322,796	5,764,194
Fund balances, ending	$ 358,450	$ -	$ 873	$ -	$ 833,994	$ 521,045	$ 213,063	$ 395,585	$ 431,962	$ 2,754,972

City of Hopkinsville, Kentucky
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2025

	Capital Fund	Total Nonmajor Capital Projects Funds
ASSETS		
Pooled cash and cash equivalents	$ 2,516,721	$ 2,516,721
Non-pooled cash and cash equivalents	-	-
Total assets	$ 2,516,721	$ 2,516,721
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	$ -	$ -
Total liabilities	-	-
FUND BALANCES		
Nonspendable	-	-
Restricted	1,548,858	1,548,858
Committed	-	-
Assigned	967,863	967,863
Unassigned	-	-
Total fund balances	2,516,721	2,516,721
Total liabilities and fund balances	$ 2,516,721	$ 2,516,721

City of Hopkinsville, Kentucky
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2025

	Capital Fund	Total Nonmajor Capital Projects Funds
REVENUES		
Intergovernmental	$ -	$ -
Investment income (loss)	-	-
Other revenue	1,559	1,559
Total revenues	1,559	1,559
EXPENDITURES		
Current:		
General government	10,888	10,888
Public safety	14,563	14,563
Public works	-	-
Community development	200,000	200,000
Parks and recreation	66,795	66,795
Debt service:		
Principal	170,298	170,298
Interest	3,610	3,610
Expenditures	-	-
Capital outlay	3,126,031	3,126,031
Total expenditures	3,592,185	3,592,185
Excess (deficiency) of revenues over (under) expenditures	(3,590,626)	(3,590,626)
OTHER FINANCING SOURCES (USES)		
Transfers in	5,419,285	5,419,285
Transfers out	(2,147,801)	(2,147,801)
Issuance of debt	-	-
Premium (discount) on bond issue	-	-
Total other financing sources (uses)	3,271,484	3,271,484
Net change in fund balances	(319,142)	(319,142)
Fund balances, beginning of year	2,835,863	2,835,863
Fund balances, end of year	$ 2,516,721	$ 2,516,721

City of Hopkinsville, Kentucky
Budgetary Comparison Schedule
Municipal Road Aid Fund
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Budgetary fund balance, beginning of year	$ 148,619	$ 148,619	$ 281,916	$ 133,297
Resources (inflows):				
Intergovernmental	758,900	758,900	677,496	(81,404)
Investment income	17,790	17,790	7,749	(10,041)
Transfers in	-	283,788	283,788	-
Amounts available for appropriation	925,309	1,209,097	1,250,949	41,852
Changes to appropriations (outflows):				
Public works	925,309	477,781	161,183	316,598
Capital outlay	-	731,316	731,316	-
Charges to appropriations	925,309	1,209,097	892,499	316,598
Budgetary fund balance, end of year	$ -	$ -	$ 358,450	$ 358,450

City of Hopkinsville, Kentucky
Budgetary Comparison Schedule
Capital Fund
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Budgetary fund balance, beginning of year	$ -	$ 998,741	$ 2,835,863	$ 1,837,122
Resources (inflows):				
Other revenue	-	-	1,559	1,559
Transfers in	2,387,168	2,810,956	5,419,285	2,608,329
Amounts available for appropriation	2,387,168	3,809,697	8,256,707	4,447,010
Charges to appropriations (outflows):				
General government	252,000	30,290	10,888	19,402
Public safety	823,909	20,919	14,563	6,356
Public works	575,000	-	-	-
Community development	-	200,000	200,000	-
Parks and recreation	125,000	75,000	66,795	8,205
Debt service:				-
Principal	-	170,298	170,298	-
Interest	-	3,610	3,610	-
Capital outlay	-	2,475,792	3,126,031	(650,239)
Transfers out	610,000	833,788	2,147,801	1,314,013
Total charges to appropriations	2,385,909	3,809,697	5,739,986	(1,930,289)
Budgetary fund balance, end of year	$ 1,259	$ -	$ 2,516,721	$ 2,516,721

City of Hopkinsville, Kentucky
Budgetary Comparison Schedule
Community Development Block Grant Fund
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Budgetary fund balance, beginning of year	$ -	$ -	$ -	$ -
Resources (inflows):				
Intergovernmental	232,606	232,606	155,734	(76,872)
Amounts available for approprioation	232,606	232,606	155,734	(76,872)
Charges to appropriations (outflows):				
Community development	139,628	139,628	62,756	76,872
Debt service:				
Principal	75,000	75,000	75,000	-
Interest	17,978	17,978	17,978	-
Capital outlay	-	-	-	-
Total charges to appropriations	232,606	232,606	155,734	76,872
Budgetary fund balance, end of year	$ -	$ -	$ -	$ -

CITY OF HOPKINSVILLE, KENTUCKY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

CITY OF HOPKINSVILLE, KENTUCKY
CAPITAL ASSETS
SCHEDULE BY SOURCE
June 30, 2025

CAPITAL ASSETS:	
Land and improvements	$ 19,263,326
Infrastructure	34,797,817
Buildings and improvements	38,234,361
Equipment and vehicles	21,431,387
Construction in progress	5,060,380
	$ 118,787,271

CITY OF HOPKINSVILLE, KENTUCKY
CAPITAL ASSETS
SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2025

Function and Activity	Total	Land and Improvements	Infrastructure	Buildings and Improvements	Equipment and Vehicles	Construction in Progress
Administrative	$ 12,728,118	$ 154,232	$ -	$ 10,596,274	$ 1,977,612	$ -
Police	7,593,441	2,515	-	3,270,476	4,320,450	-
Fire	17,122,493	24,142	-	4,675,459	7,943,693	4,479,199
Emergency Operations	440,790	-	-	220,171	220,619	-
Public Works	34,550,059	1,738,933	25,882,591	2,523,932	4,404,603	-
Parks and Recreation	23,749,813	9,872,358	133,431	11,279,160	1,883,683	581,181
Unallocated	22,602,557	7,471,146	8,781,795	5,668,889	680,727	-
Totals	$ 118,787,271	$ 19,263,326	$ 34,797,817	$ 38,234,361	$ 21,431,387	$ 5,060,380

CITY OF HOPKINSVILLE, KENTUCKY
CAPITAL ASSETS
SCHEDULE OF CHANGES
BY FUNCTION AND ACTIVITY
For The Fiscal Year Ended June 30, 2025

Function and Activity	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
Administrative	$ 12,595,913	$ 140,719	$ 8,514	$ 12,728,118
Police	7,523,114	380,832	310,505	7,593,441
Fire	11,162,576	5,975,006	15,089	17,122,493
Emergency Operations	440,790	-	-	440,790
Public Works	39,107,145	1,475,671	6,032,757	34,550,059
Parks and Recreation	22,969,022	819,876	39,085	23,749,813
Unallocated	15,216,303	7,386,254	-	22,602,557
Totals	$ 109,014,863	$ 16,178,358	$ 6,405,950	$ 118,787,271

CITY OF HOPKINSVILLE, KENTUCKY
STATISTICAL SECTION

CITY OF HOPKINSVILLE, KENTUCKY

STATISTICAL SECTION DIVIDER PAGE

Statistical Section

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

Contents

Financial Trends (Tables 1 through 4)

These tables contain trend information to help readers understand how the City's financial performance and well-being have changed over time.

Revenue Capacity (Tables 5 through 9)

These tables contain information to help readers assess the City's property tax and occupational tax.

Debt Capacity (Tables 10 through 14)

These tables present information to help readers assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information (Tables 15 through 16)

These tables offer demographic and economic indicators to help readers understand the environment within which the City's financial activities take place.

Operating Information (Tables 17 through 19)

These tables contain service and infrastructure data to help readers understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Except where noted, the information in these tables is derived from the City of Hopkinsville's annual comprehensive financial reports for the relevant year.

TABLE 1
CITY OF HOPKINSVILLE, KENTUCKY
NET POSITION BY COMPONENT
Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities										
Net investment in capital assets	$ 32,714,673	$ 32,948,745	$ 26,807,885	$ 25,557,175	$ 24,715,796	$ 22,187,735	$ 25,698,569	$ 25,938,251	$ 24,728,017	$ 21,965,466
Restricted-capital projects	-	-	-	104,824	200,058	2,847,788	5,311,606	6,039,533	550,254	884,100
Restricted-expendable trust	213,063	354,325	345,102	342,907	372,687	371,810	340,428	335,430	344,906	366,545
Restricted-nonexpendable trust	555,022	474,311	457,410	469,385	497,081	506,855	483,978	441,438	438,925	441,451
Unrestricted (deficit)	(28,403,076)	(36,360,777)	(45,380,487)	(45,223,283)	(48,749,929)	(53,655,063)	(49,618,442)	(45,036,944)	(31,592,132) **1**	(19,846,007)
Total governmental activities net position	$ 5,079,682	$ (2,583,396)	$ (17,770,090)	$ (18,748,992)	$ (22,964,307)	$ (27,740,875)	$ (17,783,861)	$ (12,282,292)	$ (5,530,030)	$ 3,811,555
Business-type activities										
Net investment in capital assets	$ -	$ -	$ -	$ -	$ - **2**	$ 2,541,449	$ 2,646,972	$ 2,752,495	$ 2,842,302	$ 2,968,033
Unrestricted	-	-	-	-	- **2**	150,237	127,308	150,917	179,337	153,054
Total business-type activities net position	$ -	$ -	$ -	$ -	$ - **2**	$ 2,691,686	$ 2,774,280	$ 2,903,412	$ 3,021,639	$ 3,121,087
Primary government										
Net investment in capital assets	$ 32,714,673	$ 32,948,745	$ 26,807,885	$ 25,557,175	$ 24,715,796	$ 24,729,184	$ 28,345,541	$ 28,690,746	$ 27,570,319	$ 24,933,499
Restricted-capital projects	-	-	-	104,824	200,058	2,847,788	5,311,606	6,039,533	550,254	884,100
Restricted-expendable trust	213,063	354,325	345,102	342,907	372,687	371,810	340,428	335,430	344,906	366,545
Restricted-nonexpendable trust	555,022	474,311	457,410	469,385	497,081	506,855	483,978	441,438	438,925	441,451
Unrestricted (deficit)	(28,403,076)	(36,360,777)	(45,380,487)	(45,223,283)	(48,749,929)	(53,504,826)	(49,491,134)	(44,886,027)	(31,412,795) **1**	(19,692,953)
Total primary government net position	$ 5,079,682	$ (2,583,396)	$ (17,770,090)	$ (18,748,992)	$ (22,964,307)	$ (25,049,189)	$ (15,009,581)	$ (9,378,880)	$ (2,508,391)	$ 6,932,642

1 GASB Statement 75 was implemented.
2 Tie Breaker Family Aquatic Center was transferred to the general fund as a separate department of Parks and Recreation as of June 30, 2021.

TABLE 1, continued
CITY OF HOPKINSVILLE, KENTUCKY
NET POSITION BY COMPONENT
Last Ten Fiscal Years

	Fiscal Year									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Component Units:										
Water Environment Authority										
Net investment in capital assets	$ 69,216,941	$ 65,499,498	$ 60,527,669	$ 58,909,132	$ 57,453,867	$ 48,482,240	$ 45,808,073	$ 44,870,386	$ 40,904,570	$ 40,853,211
Restricted-equipment maintenance/replacement	2,778,179	2,644,205	2,501,038	2,150,748	2,132,854	2,116,918	2,081,443	2,031,784	2,000,308	2,221,152
Restricted-net OPEB asset	305,331	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)	(9,452,944)	(9,342,823)	(8,943,885)	(8,488,471)	(7,672,327)	1,085,408	(1,382,828)	(1,826,379)	2,142,739 **1**	2,623,389
Total component unit Water Environment Authority	$ 62,847,507	$ 58,800,880	$ 54,084,822	$ 52,571,409	$ 51,914,394	$ 51,684,566	$ 46,506,688	$ 45,075,791	$ 45,047,617	$ 45,697,752
Solid Waste Enterprise										
Net investment in capital assets	$ 2,577,737	$ 4,273,044	$ 4,128,569	$ 5,276,136	$ 5,552,300	$ 5,870,773	$ 6,192,067	$ 5,871,144	$ 3,712,827	$ 3,454,021
Restricted-net OPEB asset	153,767	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)	(13,289,451)	(13,840,590)	(13,717,298)	(13,380,121)	(11,807,063)	(13,142,209)	(12,197,633)	(7,988,388)	(4,066,603) **1**	(2,479,260)
Total component unit Solid Waste Enterprise	$ (10,557,947)	$ (9,567,546)	$ (9,588,729)	$ (8,103,985)	$ (6,254,763)	$ (7,271,436)	$ (6,005,566)	$ (2,117,244)	$ (353,776)	$ 974,761
Surface and Stormwater Utility										
Net investment in capital assets	$ 5,595,787	$ 5,781,238	$ 5,673,208	$ 5,110,408	$ 5,029,233	$ 4,921,319	$ 4,455,595	$ 4,275,944	$ 3,126,397	$ 3,038,390
Restricted-capital projects	581,556	454,982	84,155	-	-	-	-	-	-	-
Unrestricted	1,790,195	1,536,580	1,871,547	2,276,855	2,477,771	2,362,838	2,185,382	2,183,076	2,326,130	2,159,808
Total component unit Surface and Stormwater Utility	$ 7,967,538	$ 7,772,800	$ 7,628,910	$ 7,387,263	$ 7,507,004	$ 7,284,157	$ 6,640,977	$ 6,459,020	$ 5,452,527	$ 5,198,198
Total component units net position	$ 60,257,098	$ 57,006,134	$ 52,125,003	$ 51,854,687	$ 53,166,635	$ 51,697,287	$ 47,142,099	$ 49,417,567	$ 50,146,368	$ 51,870,711

1 GASB Statement 75 was implemented.

TABLE 2
CITY OF HOPKINSVILLE, KENTUCKY
CHANGES IN NET POSITION
Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental activities:										
General government	$ 6,537,574	$ 6,237,687	$ 5,309,784	$ 5,230,566	$ 4,847,678	$ 4,459,753	$ 4,678,189	$ 4,791,738	$ 4,909,965	$ 4,226,208
Public safety	23,009,806	22,987,133	23,478,920	22,183,835	25,384,512	24,835,700	23,771,587	24,011,020	16,799,919	18,382,779
Public works	6,256,243	6,077,687	5,914,047	5,791,731	5,200,270	4,904,383	4,766,064	4,766,838	4,940,746	4,123,497
Community development	10,719,669	8,185,192	11,762,098	7,124,273	6,756,749	6,387,764	7,465,036	9,370,638	7,263,035	5,362,614
Parks and recreation	3,459,779	3,691,901	3,261,362	2,752,749	2,117,894	2,236,321	1,675,315	1,650,727	1,617,747	1,076,162
Interest on long-term debt	1,179,953	958,395	862,275	709,657	929,831	920,695	1,099,438	711,202	659,294	605,492
Total governmental activities expenses	51,163,024	48,137,995	50,588,486	43,792,811	45,236,934	43,744,616	43,455,629	45,302,163	36,190,706	33,776,752
Business-type activities:										
Tie Breaker Family Aquatic	-	-	-	- [1]	243,985	334,106	508,088	513,382	483,885	476,184
Total business-type activities expenses	-	-	-	-	243,985	334,106	508,088	513,382	483,885	476,184
Total - primary government expenses	$ 51,163,024	$ 48,137,995	$ 50,588,486	$ 43,792,811	$ 45,480,919	$ 44,078,722	$ 43,963,717	$ 45,815,545	$ 36,674,591	$ 34,252,936
Component Units expenses:										
Water Environment Authority	$ 21,926,464	$ 21,502,086	$ 22,202,876	$ 21,174,867	$ 20,011,558	$ 17,832,468	$ 16,940,807	$ 17,135,626	$ 14,360,224	$ 14,860,185
Solid Waste Enterprise	11,283,049	9,986,773	10,745,185	10,710,353	10,159,614	9,546,109	12,365,909	9,773,164	7,541,320	7,216,692
Surface and Stormwater Utility	1,634,259	1,417,483	1,367,021	1,358,744	1,099,774	1,002,157	1,095,575	1,535,895	2,179,380	1,118,367
Total component units expenses	$ 34,843,772	$ 32,906,342	$ 34,315,082	$ 33,243,964	$ 31,270,946	$ 28,380,734	$ 30,402,291	$ 28,444,685	$ 24,080,924	$ 23,195,244
Program Revenues										
Governmental activities:										
Charges for services and sales:										
General government	$ 4,447,505	$ 6,611,067	$ 3,368,365	$ 2,153,198	$ 2,399,119	$ 1,402,817	$ 1,972,143	$ 1,896,667	$ 1,906,409	$ 1,857,573
Public safety	54,266	137,413	58,659	27,619	28,192	136,436	94,383	101,206	73,980	72,151
Public works	733,300	985,765	1,026,055	78,757	41,267	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-	-	-
Parks and recreation	799,047	877,518	785,649	246,635	190,710	199,140	184,350	149,975	180,050	164,975
Operating grants and contributions	12,148,997	14,831,803	9,570,001	12,124,238	13,808,836	6,059,248	5,559,973	7,526,059	5,252,879	4,679,910
Capital grants and contributions	341,349	409,473	477,014	740,918	1,006,624	1,076,504	288,468	254,942	556,982	1,943,657
Total governmental activities program revenues	18,524,464	23,853,039	15,285,743	15,371,365	17,474,748	8,874,145	8,099,317	9,928,849	7,970,300	8,718,266
Business-type activities:										
Charges for services and sales:										
Tie Breaker Family Aquatic	-	-	-	- [1]	60,833	150,843	277,428	293,852	283,385	319,205
Total business-type activities program revenues	-	-	-	-	60,833	150,843	277,428	293,852	283,385	319,205
Total primary government program revenues	$ 18,524,464	$ 23,853,039	$ 15,285,743	$ 15,371,365	$ 17,535,581	$ 9,024,988	$ 8,376,745	$ 10,222,701	$ 8,253,685	$ 9,037,471
Component Units program revenues:										
Water Environment Authority	$ 25,195,887	$ 25,182,174	$ 22,703,927	$ 21,327,918	$ 19,865,899	$ 18,454,416	$ 17,633,766	$ 16,587,552	$ 15,544,196	$ 15,287,968
Solid Waste Enterprise	9,750,236	9,695,208	9,219,919	8,843,976	7,720,797	8,225,821	8,302,113	7,829,720	7,329,458	6,943,978
Surface and Stormwater Utility	1,465,717	1,260,886	1,376,846	1,218,390	1,304,085	1,607,038	1,238,029	2,522,369	2,419,046	2,481,175
Total component units program revenues	$ 36,411,840	$ 36,138,268	$ 33,300,692	$ 31,390,284	$ 28,890,781	$ 28,287,275	$ 27,173,908	$ 26,939,641	$ 25,292,700	$ 24,713,121
Net (Expense)/Revenue										
Governmental activities	$ (32,638,560)	$ (24,284,956)	$ (35,302,743)	$ (28,421,446)	$ (27,762,186)	$ (34,870,471)	$ (35,356,312)	$ (35,373,314)	$ (28,220,406)	$ (25,058,486)
Business-type activities	-	-	-	-	(183,152)	(183,263)	(230,660)	(219,530)	(200,500)	(156,979)
Total primary government net (expense)/revenue	$ (32,638,560)	$ (24,284,956)	$ (35,302,743)	$ (28,421,446)	$ (27,945,338)	$ (35,053,734)	$ (35,586,972)	$ (35,592,844)	$ (28,420,906)	$ (25,215,465)
Component unit net (expense)/revenue	$ 1,568,068	$ 3,231,926	$ (1,014,390)	$ (1,853,680)	$ (2,380,165)	$ (93,459)	$ (3,228,383)	$ (1,505,044)	$ 1,211,776	$ 1,517,877

1 Tie Breaker Family Aquatic Center was transferred to the general fund as a separate department of Parks and Recreation as of June 30, 2021.

TABLE 2, continued
CITY OF HOPKINSVILLE, KENTUCKY
CHANGES IN NET POSITION
Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 6,784,345	$ 6,896,508	$ 6,461,684	$ 5,991,389	$ 5,821,593	$ 5,620,347	$ 5,509,894	$ 5,239,771	$ 5,243,966	$ 4,964,443
Occupational taxes	22,514,557	21,266,558	19,997,074	18,427,572	16,783,918	16,269,144	17,097,971	16,835,340	16,530,486	15,874,685
Insurance premium tax	7,654,077	6,926,705	5,975,308	5,449,529	5,244,166	4,970,019	4,856,576	4,516,839	4,173,559	3,959,355
Franchise tax	560,200	392,364	476,077	438,780	401,958	389,602	413,181	312,946	287,047	301,089
Transient room tax	1,112,248	1,127,516	1,190,825	1,125,987	711,719	676,721	832,011	803,343	513,155	328,263
Payments in lieu of taxes	973,888	1,114,389	1,045,324	998,342	939,380	678,602	696,082	705,336	486,763	400,483
Investment income	2,164,580	1,573,028	1,049,703	100,266	72,080	355,099	506,712	258,074	113,685	129,645
Gain on sale of capital assets	105,750	85,487	-	12,624	600	-	-	23,541	1,865	26,773
Miscellaneous	344,101	89,095	85,650	92,272	54,568	53,923	42,315	25,862	1,941	4,548
Special item	-	-	-	-	-	(4,000,000)	-	-	-	-
Transfers	-	-	-	-	2,508,772 **1**	(100,000)	(100,000)	(100,000)	(100,000)	(125,000)
Total governmental activities	42,213,746	39,471,650	36,281,645	32,636,761	32,538,754	24,913,457	29,854,742	28,621,052	27,252,467	25,864,284
Business-type activities:										
Investment income	-	-	-	- **1**	238	669	1,528	1,303	1,052	469
Transfers	-	-	-	- **1**	(2,508,772) **1**	100,000	100,000	100,000	100,000	125,000
Total business-type activities	-	-	-	-	(2,508,534)	100,669	101,528	101,303	101,052	125,469
Total primary government	$ 42,213,746	$ 39,471,650	$ 36,281,645	$ 32,636,761	$ 30,030,220	$ 25,014,126	$ 29,956,270	$ 28,722,355	$ 27,353,519	$ 25,989,753
Component Units:										
Water Environment Authority	$ 777,204	$ 1,035,970	$ 1,012,362	$ 503,964	$ 375,487	$ 4,555,930 **3**	$ 737,938	$ 576,248	$ 302,029	$ (14,751)
Solid Waste Enterprise	660,857	312,748	40,522	17,155	3,455,490 **2**	54,418	175,474	179,976	302,860	292,612
Surface and Stormwater Utility	363,280	300,487	231,822	20,613	18,536	38,299	39,503	20,019	14,663	14,772
Total component units	$ 1,801,341	$ 1,649,205	$ 1,284,706	$ 541,732	$ 3,849,513	$ 4,648,647	$ 952,915	$ 776,243	$ 619,552	$ 292,633
Change in Net Position										
Governmental activities	$ 9,575,186	$ 15,186,694	$ 978,902	$ 4,215,315	$ 4,776,568	$ (9,957,014)	$ (5,501,570)	$ (6,752,262)	$ (967,939)	$ 805,798
Business-type activities	-	-	-	-	(2,691,686)	(82,594)	(129,132)	(118,227)	(99,448)	(31,510)
Total primary government	$ 9,575,186	$ 15,186,694	$ 978,902	$ 4,215,315	$ 2,084,882	$ (10,039,608)	$ (5,630,702)	$ (6,870,489)	$ (1,067,387)	$ 774,288
Component Units:										
Water Environment Authority	$ 4,046,627	$ 4,716,058	$ 1,513,413	$ 657,015	$ 229,828	$ 5,177,878	$ 1,430,897	$ 28,174	$ 1,486,001	$ 413,032
Solid Waste Enterprise	(871,956)	21,183	(1,484,744)	(1,849,222)	1,016,673	(1,265,870)	(3,888,322)	(1,763,468)	90,998	19,898
Surface and Storm Water Utility	194,738	143,890	241,647	(119,741)	222,847	643,180	181,957	1,006,493	254,329	1,377,580
Total component units	$ 3,369,409	$ 4,881,131	$ 270,316	$ (1,311,948)	$ 1,469,348	$ 4,555,188	$ (2,275,468)	$ (728,801)	$ 1,831,328	$ 1,810,510

1 Tie Breaker Family Aquatic Center was transferred to the general fund as a separate department of Parks and Recreation as of June 30, 2021
2 Includes special item of $3,431,185
3 Includes special item of $4,000,000

TABLE 3
CITY OF HOPKINSVILLE, KENTUCKY
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	Fiscal Year									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
General Fund										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	621,142	475,364	-	-	-	-	-	-	-	-
Committed	8,114,264	8,569,260	7,645,539	3,501,866	2,123,695	1,153,477	1,309,992	1,979,695	2,208,931	651,927
Assigned	253,227	307,766	153,129	111,841	412,640	326,146	369,664	326,927	149,616	278,312
Total reserved	8,988,633	9,352,390	7,798,668	3,613,707	2,536,335	1,479,623	1,679,656	2,306,622	2,358,547	930,239
Unassigned	19,869,938	17,025,189	14,091,116	14,057,732	13,411,912	10,096,461	9,850,416	9,789,492	10,232,629	9,614,977
Total general fund	$ 28,858,571	$ 26,377,579	$ 21,889,784	$ 17,671,439	$ 15,948,247	$ 11,576,084	$ 11,530,072	$ 12,096,114	$ 12,591,176	$ 10,545,216
All Other Governmental Funds										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	9,009,279	8,238,927	6,418,540	6,113,589	5,613,620	4,935,845	7,628,814	7,473,010	3,816,553	3,535,045
Committed	521,045	468,747	385,183	494,624	473,000	366,091	324,524	366,840	291,224	319,636
Assigned	1,747,370	366,694	753,349	2,591,507	1,019,812	205,000	499,002	1,072,864	440,232	250,023
Total reserved	11,277,694	9,074,368	7,557,072	9,199,720	7,106,432	5,506,936	8,452,340	8,912,714	4,548,009	4,104,704
Unassigned	-	-	-	(3,002)	-	-	-	-	-	-
Total all other governmental funds	$ 11,277,694	$ 9,074,368	$ 7,557,072	$ 9,196,718	$ 7,106,432	$ 5,506,936	$ 8,452,340	$ 8,912,714	$ 4,548,009	$ 4,104,704
Total governmental funds	$ 40,136,265	$ 35,451,947	$ 29,446,856	$ 26,868,157	$ 23,054,679	$ 17,083,020	$ 19,982,412	$ 21,008,828	$ 17,139,185	$ 14,649,920

TABLE 4
CITY OF HOPKINSVILLE, KENTUCKY
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Taxes	$ 7,765,280	$ 7,994,637	$ 7,536,283	$ 6,956,341	$ 6,768,593	$ 6,297,433	$ 6,156,452	$ 5,978,431	$ 5,793,917	$ 5,297,982
Licenses and permits	36,044,654	35,679,834	30,294,124	28,268,837	24,984,254	23,988,148	24,613,834	24,330,619	23,526,346	22,517,428
Fines and forfeitures	228,181	127,714	109,461	106,376	69,459	136,436	94,383	101,206	73,980	72,151
Intergovernmental	9,828,278	8,716,091	7,057,329	9,729,221	13,070,064	5,638,012	4,599,599	6,684,780	4,989,324	5,843,303
Investment income	1,987,258	1,545,629	1,032,260	96,397	109,584	344,543	492,417	255,290	112,084	129,128
Donations	1,670	1,000	106,600	53,125	15,050	10,550	19,775	152,597	50	60,615
Other revenue	4,974,409	9,192,276	5,299,284	3,478,696	2,049,703	1,800,944	1,536,724	1,166,920	1,022,733	932,956
Total revenues	60,829,730	63,257,181	51,435,341	48,688,993	47,066,707	38,216,066	37,513,184	38,669,843	35,518,434	34,853,563
Expenditures										
General government	4,971,879	4,685,523	4,402,079	4,141,099	3,650,357	3,700,944	3,889,202	4,001,040	3,669,999	3,559,464
Public safety	26,346,628	24,854,326	22,466,547	20,965,791	18,332,134	18,040,089	17,498,112	17,255,577	17,023,023	16,201,895
Public works	9,179,862	9,213,525	8,031,213	13,210,175	11,493,800	6,742,188	6,216,346	5,651,205	5,304,541	3,873,595
Community development	11,005,676	8,552,965	10,980,738	6,839,358	6,579,094	5,992,809	6,942,367	8,819,735	6,864,752	5,070,898
Parks and recreation	2,481,692	2,668,546	2,101,014	1,953,036	1,288,399	1,467,416	1,414,070	1,219,118	1,057,044	793,133
Debt service										
Principal	1,822,738	1,663,869	1,437,507	1,442,372	1,414,705	1,743,936	1,616,607	1,286,113	1,378,341	863,278
Interest	1,116,272	1,015,161	827,561	899,419	898,141	932,752	875,794	712,913	608,145	584,245
Expenditures	80,917	-	175,916	143,170	-	-	145,282	186,721	89,864	-
Capital outlay	10,312,559	8,648,771	7,935,763	4,249,149	8,534,505	5,486,358	7,399,667	5,901,314	2,299,029	5,962,362
Total expenditures	67,318,223	61,302,686	58,358,338	53,843,569	52,191,135	44,106,492	45,997,447	45,033,736	38,294,738	36,908,870
Excess (deficiency) of revenues over (under) expenditures	$ (6,488,493)	$ 1,954,495	$ (6,922,997)	$ (5,154,576)	$ (5,124,428)	$ (5,890,426)	$ (8,484,263)	$ (6,363,893)	$ (2,776,304)	$ (2,055,307)

TABLE 4, continued
CITY OF HOPKINSVILLE, KENTUCKY
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Other Financing Sources (Uses)										
Transfers from other funds	$ 16,329,952	$ 6,343,068	$ 3,275,316	$ 5,403,293	$ 5,143,522	$ 1,516,158	$ 2,587,585	$ 1,651,449	$ 1,987,370	$ 2,027,254
Transfers to other funds	(16,973,271)	(6,996,818)	(3,775,316)	(5,653,293)	(2,784,750)	(1,866,158)	(2,687,585)	(1,751,449)	(2,087,370)	(2,152,254)
Issuance of long-term debt	11,575,213	4,704,346	9,691,630	8,888,222	8,723,802	3,341,034	7,550,869	10,360,191	5,345,705	1,538,534
Issuance of refunding bonds	-	-	-	8,075,000	-	-	-	-	-	-
Premium (discount) on bond issue	240,917	-	310,066	619,832	13,513	-	6,978	(26,655)	19,864	-
Payment to refunded bonds' escrow agent	-	-	-	(8,365,000)	-	-	-	-	-	-
Total other financing sources (uses)	11,172,811	4,050,596	9,501,696	8,968,054	11,096,087	2,991,034	7,457,847	10,233,536	5,265,569	1,413,534
Net change in fund balances	$ 4,684,318	$ 6,005,091	$ 2,578,699	$ 3,813,478	$ 5,971,659	$ (2,899,392)	$ (1,026,416)	$ 3,869,643	$ 2,489,265	$ (641,773)
Debt service as a percentage of noncapital expenditures	5.2%	5.1%	4.5%	4.7%	5.3%	6.9%	6.5%	5.1%	5.5%	4.7%

TABLE 5
CITY OF HOPKINSVILLE, KENTUCKY
GENERAL GOVERNMENTAL REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Total	Property Taxes	Payments in Lieu of Taxes	Bank Deposits Taxes	Occupational Taxes	Business Licenses	Franchise Taxes	Insurance Premium Taxes	Transient Room Taxes	Inter-Governmental Revenue	Investment Income	Other Revenues
2016	$ 31,546,372	$ 4,717,368	$ 400,483	$ 180,131	$ 15,874,685	$ 1,917,390	$ 285,405	$ 4,183,836	$ 328,263	$ 2,781,603	$ 83,540	$ 793,668
2017	33,650,549	5,122,676	486,763	184,478	16,530,486	1,972,455	318,802	4,265,428	513,155	3,171,351	112,053	972,902
2018	34,849,973	5,080,396	705,337	192,698	16,835,339	1,981,250	312,838	4,499,055	803,343	3,186,337	188,256	1,065,124
2019	35,679,684	5,254,574	696,082	205,796	17,097,972	2,029,528	412,750	4,335,956	832,011	3,083,514	285,610	1,445,891
2020	35,679,870	5,412,686	678,602	206,145	16,269,144	1,478,961	389,459	5,310,299	676,721	3,383,280	198,788	1,675,785
2021	40,720,879	5,588,381	939,380	240,832	16,783,918	2,407,779	401,912	4,748,385	711,719	6,939,196	107,679	1,851,698
2022	42,716,499	5,685,936	998,342	272,063	18,427,571	2,222,908	430,943	6,167,804	1,125,987	4,478,245	122,865	2,783,835
2023	47,329,554	6,226,175	1,045,324	264,784	19,997,075	3,003,450	476,077	5,736,158	1,190,825	4,962,854	853,935	3,572,897
2024	54,915,071	6,632,535	1,114,390	247,712	21,266,558	6,118,254	392,361	6,902,859	1,127,516	5,699,422	1,304,678	4,108,786
2025	56,044,265	6,508,079	973,890	283,311	22,514,556	4,336,035	437,743	7,872,253	1,112,248	6,121,292	1,500,334	4,384,524

TABLE 6
CITY OF HOPKINSVILLE, KENTUCKY
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

FISCAL YEAR	REAL ESTATE	PERSONAL PROPERTY	TOTAL TAXABLE ASSESSED VALUE *	TOTAL DIRECT TAX RATE REAL ESTATE	TOTAL DIRECT TAX RATE PERSONAL PROPERTY
2015-2016	$ 1,555,594,301	$ 311,683,396	$ 1,867,277,697	0.2310	0.2510
2016-2017	1,619,239,989	329,099,360	1,948,339,349	0.2310	0.2510
2017-2018	1,684,227,259	330,330,403	2,014,557,662	0.2310	0.2510
2018-2019	1,747,005,543	303,976,230	2,050,981,773	0.2310	0.2510
2019-2020	1,766,931,090	353,452,886	2,120,383,976	0.2390	0.2510
2020-2021	1,779,862,890	336,992,692	2,116,855,582	0.2390	0.2400
2021-2022	1,829,510,565	341,528,853	2,171,039,418	0.2390	0.2390
2022-2023	2,048,900,461	350,736,023	2,399,636,484	0.2250	0.2390
2023-2024	2,185,572,604	419,638,010	2,605,210,614	0.2230	0.2390
2024-2025	2,384,042,916	414,509,199	2,798,552,115	0.2090	0.2390

Source: Christian County Property Valuation Office

* Property in the City of Hopkinsville is reassessed every few years at estimated actual value. For this reason, assessed value is equal to estimated actual value. Tax rates are per $100 of assessed value.

Note: Assessments on motor vehicles are not included as the State of Kentucky collects the taxes when vehicles are licensed.

TABLE 7
CITY OF HOPKINSVILLE, KENTUCKY
PROPERTY TAX RATES
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years

	REAL PROPERTY:					PERSONAL PROPERTY:				
	DIRECT	OVERLAPPING RATES				DIRECT	OVERLAPPING RATES			
FISCAL YEAR	CITY	COUNTY	SCHOOL	HEALTH	EXTENSION	CITY	COUNTY	SCHOOL	HEALTH	EXTENSION
2015-2016	0.2310	0.1870	0.3980	0.0320	0.0240	0.2510	0.2000	0.3900	0.0320	0.0332
2016-2017	0.2310	0.1870	0.4080	0.0320	0.0240	0.2510	0.2000	0.4080	0.0320	0.0332
2017-2018	0.2310	0.1870	0.4160	0.0320	0.0240	0.2510	0.2000	0.4160	0.0320	0.0332
2018-2019	0.2310	0.2000	0.4280	0.0320	0.0240	0.2510	0.2000	0.4280	0.0320	0.0332
2019-2020	0.2390	0.1870	0.4280	0.0320	0.0240	0.2510	0.1870	0.4280	0.0320	0.0332
2020-2021	0.2390	0.1870	0.4280	0.0320	0.0240	0.2400	0.1870	0.4280	0.0320	0.0332
2021-2022	0.2390	0.1860	0.4230	0.0320	0.0240	0.2390	0.1860	0.4280	0.0320	0.0328
2022-2023	0.2250	0.1820	0.4220	0.0320	0.0240	0.2390	0.1860	0.4280	0.0320	0.0344
2023-2024	0.2230	0.1810	0.4220	0.0320	0.0240	0.2390	0.1810	0.4210	0.0320	0.0321
2024-2025	0.2090	0.1760	0.4100	0.0320	0.0240	0.2390	0.1870	0.4210	0.0320	0.0341

*Rates are per $100 of assessed valuation.

Note: Overlapping rates are those of local and county governments that apply to property owners within the City of Hopkinsville.

Source: Internal records of the City of Hopkinsville and Christian County PVA.

TABLE 8
CITY OF HOPKINSVILLE, KENTUCKY
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

	2025			2016		
TAXPAYER	TAXABLE ASSESSED VALUE*	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE*	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE
Wal-mart Stores East LP, et al	$ 68,542,023	1	2.45%	$ 52,731,620	1	2.82%
US Smokeless Tobacco Co LLC, et al	39,979,014	2	1.43%	19,845,893	4	1.06%
Martinrea International Inc, et al	35,052,929	3	1.25%	16,890,204	5	0.90%
TG Automotive Sealing Kentucky	22,448,897	4	0.80%	14,270,578	7	0.76%
Continental Mills Inc	18,466,640	5	0.66%	16,464,632	6	0.88%
Siemer Milling Co	18,228,077	6	0.65%	14,000,106	8	0.75%
Lexington Hopkinsville Corp	16,800,000	7	0.60%	20,000,000	2	1.07%
Lowes Home Centers Inc	15,742,426	8	0.56%	13,619,307	9	0.73%
Mt Jordan Investment LLC, et al	15,480,000	9	0.55%	-		0.00%
Griffin Gate LLC	10,990,416	10	0.39%	-		0.00%
T Rad North America	-		0.00%	19,930,491	3	1.07%
Hopkinsville Elevator Co & subsidiaries	-		0.00%	12,319,067	10	0.66%
Total	$ 261,730,422		6.90%	$ 200,071,898		7.89%
Total Taxable Assessed Value	$ 2,798,552,115			$ 1,867,277,697		

Source: * Internal records of the City based on assessments by the Christian County Property Valuation Administrator.

TABLE 9
CITY OF HOPKINSVILLE, KENTUCKY
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

FISCAL YEAR	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2015-2016	$ 4,316,795	$ 4,186,881	96.9905%	$ 32,402	$ 4,219,283	97.7411%
2016-2017	4,505,960	4,380,024	97.2051%	31,919	4,411,943	97.9135%
2017-2018	4,643,775	4,505,272	97.0174%	69,120	4,574,392	98.5059%
2018-2019	4,748,757	4,595,347	96.7695%	32,368	4,627,715	97.4511%
2019-2020	4,998,742	4,815,948	96.3432%	87,151	4,903,099	98.0867%
2020-2021	5,064,626	4,876,013	96.2759%	122,596	4,998,609	98.6965%
2021-2022	5,165,067	4,977,575	96.3700%	151,105	5,128,680	99.2955%
2022-2023	5,415,469	5,211,392	96.2316%	45,877	5,257,269	97.0787%
2023-2024	5,838,680	5,673,499	97.1709%	24,058	5,697,557	97.5830%
2024-2025	5,934,266	5,603,892	94.4328%	N/A	5,603,892	94.4328%

Source: Internal records of the City

TABLE 10
CITY OF HOPKINSVILLE, KENTUCKY
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

	GOVERNMENTAL ACTIVITIES*						
FISCAL YEAR	GENERAL OBLIGATION BONDS	NOTES PAYABLE	REVENUE BOND	LEASES PAYABLE	TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME**	PER CAPITA**
2015-2016	$ 46,081,705	$ 1,318,768	$ -	$ 1,446,925	$ 48,847,398	4.10%	$ 1,516.76
2016-2017	45,905,398	1,125,000	-	2,792,611	49,823,009	4.23%	1,566.22
2017-2018	49,966,797	1,050,000	-	2,582,625	53,599,422	4.82%	1,740.86
2018-2019	50,886,662	975,000	-	2,875,908	54,737,570	4.67%	1,764.25
2019-2020	47,121,500	900,000	-	3,197,070	51,218,570	4.26%	1,681.72
2020-2021	47,536,684	1,485,271	1,825,000 **1**	3,339,890	54,186,846	4.14%	1,773.94
2021-2022	50,514,581	1,250,361	1,640,000	3,154,115	56,559,057	3.98%	1,818.62
2022-2023	53,085,513	1,012,060	1,447,500	3,906,630	59,451,703	4.56%	1,957.32
2023-2024	49,035,122	770,298	1,249,000	4,647,239	55,701,659	4.18%	1,814.86
2024-2025	52,554,259	525,000	1,044,000	4,800,436	58,923,695	4.09%	1,913.11

Notes:

* Details regarding the City's outstanding debt can be found in Note 5 in the current financial statements.

** See Table 15 for personal income and population data for the City.

1 In FYE 6/30/2022, the City determined that a revenue bond on behalf of a component unit had been mistakenly left off. This debt was immediately reflected in that year end as well as the previous year, but it was not reflected in other preceding years. There was no net income effect due to this change as a receivable from that component unit is also recorded to offset the debt.

TABLE 11
CITY OF HOPKINSVILLE, KENTUCKY
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

FISCAL YEAR	GENERAL OBLIGATION BONDS*	POPULATION**	TOTAL TAXABLE ASSESSED VALUE***	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
2015-2016	$ 46,081,705	32,205	$ 1,867,277,697	2.47%	$ 1,430.89
2016-2017	45,905,398	31,811	1,948,339,349	2.36%	1,443.07
2017-2018	49,966,797	30,789	2,014,557,662	2.48%	1,622.88
2018-2019	50,886,662	31,026	2,050,981,773	2.48%	1,640.13
2019-2020	47,121,500	30,456	2,120,383,976	2.22%	1,547.20
2020-2021	47,536,684	30,546	2,116,855,582	2.25%	1,556.23
2021-2022	50,514,581	31,100	2,171,039,418	2.33%	1,624.26
2022-2023	53,085,513	30,374	2,399,636,484	2.21%	1,747.73
2023-2024	49,035,122	30,692	2,605,210,614	1.88%	1,597.65
2024-2025	52,554,259	30,800	2,798,552,115	1.88%	1,706.31

Notes:

* Details regarding the City's outstanding debt can be found in Note 5 to the current financial statements.
** Source: Current year estimate from World Population Review (https://worldpopulationreview.com/us-cities/kentucky/hopkinsville)
*** Source: Christian County Property Valuation Office

TABLE 12
CITY OF HOPKINSVILLE, KENTUCKY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2025

	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE TO CITY OF HOPKINSVILLE**	CITY OF HOPKINSVILLE'S ESTIMATED SHARE OF OVERLAPPING DEBT*
Governmental Unit:			
Hopkinsville Water Environment Authority***	$ 75,758,817	100.0%	$ 75,758,817
Hopkinsville Solid Waste Enterprise ***	1,766,133	100.0%	1,766,133
Hopkinsville Surface and Stormwater Utility ***	-	100.0%	-
Christian County Schools	130,738,905	52.5%	68,700,265
Overlapping debt	$ 208,263,855		146,225,215
City governmental activities direct debt			58,923,695
Total direct and overlapping debt			$ 205,148,910

Notes:

* Overlapping governments are those that coincide, at least in part, within the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Hopkinsville. This process recognizes that, when considering the City of Hopkinsville's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

** Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

*** Component unit direct debt. Component unit debt issued in the City's name is part of the City's direct debt; therefore, it is subtracted from debt listed as overlapping debt to avoid being included twice.

TABLE 13
CITY OF HOPKINSVILLE, KENTUCKY
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year Ended June 30, 2025:

Taxable assessed value	$ 2,798,552,115
Debt limit (10% of assessed value)*	279,855,212
Debt applicable to limit:	
Total Long-Term debt	58,923,695
Legal Debt Margin	$ 220,931,517

	Fiscal Year									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Debt limit	$ 279,855,212	$ 260,521,061	$ 239,963,648	$ 217,103,942	$ 211,685,558	$ 212,038,398	$ 205,098,177	$ 201,455,766	$ 194,833,935	$ 186,727,770
Total net debt applicable to limit	58,923,695	55,701,659	59,451,703	56,559,057	54,186,846	51,218,570	54,737,570	53,599,422	49,823,009	48,847,398
Legal debt margin	$ 220,931,517	$ 204,819,402	$ 180,511,945	$ 160,544,885	$ 157,498,712	$ 160,819,828	$ 150,360,607	$ 147,856,344	$ 145,010,926	$ 137,880,372
Total net debt applicable to the limit as a percentage of debt limit	21.06%	21.38%	24.78%	26.05%	25.60%	24.16%	26.69%	26.61%	25.57%	26.16%

* Section 158 of the Commonwealth of Kentucky Constitution states: Cities shall not be authorized or permitted to incur indebtedness to an amount, including existing indebtedness, in the aggregate exceeding the following named maximum percentages on the value of the taxable property therein, to be estimated by the assessment next before the last assessment previous to the incurring of the indebtedness: Cities of the first and second class, and of the third class having a population exceeding fifteen hundred, ten per centum.

TABLE 14
CITY OF HOPKINSVILLE, KENTUCKY
PLEDGED SEWER REVENUE BOND COVERAGE
Last Ten Fiscal Years

FISCAL YEAR	GROSS REVENUE*	LESS OPERATING EXPENSES**	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS***			
				PRINCIPAL	INTEREST	TOTAL	COVERAGE
2015-2016	$ 14,936,567	$ 9,204,633	$ 5,731,934	$ 387,500	$ 132,988	$ 520,488	1101.3%
2016-2017	15,661,816	10,743,614	4,918,202	237,500	121,276	358,776	1370.8%
2017-2018	16,259,143	10,184,180	6,074,963	249,000	111,683	360,683	1684.3%
2018-2019	18,304,234	10,688,617	7,615,617	261,500	101,341	362,841	2098.9%
2019-2020	18,847,002	11,453,636	7,393,366	272,500	90,039	362,539	2039.3%
2020-2021	20,014,323	13,687,129	6,327,194	185,000	77,929	262,929	2406.4%
2021-2022	21,632,107	14,626,093	7,006,014	192,500	70,159	262,659	2667.3%
2022-2023	23,427,300	15,783,283	7,644,017	198,500	62,074	260,574	2933.5%
2023-2024	23,835,105	15,040,171	8,794,934	205,000	53,737	258,737	3399.2%
2024-2025	24,364,633	15,139,032	9,225,601	214,000	45,127	259,127	3560.3%

Notes:

HWEA is the only entity with revenue bonds, so these amounts are only for HWEA

* Gross revenue does not include federal and state grants for construction of facilities or capital assets contributed by developers.

** Total expenses are exclusive of depreciation.

*** Details regarding the City and its component units outstanding debt can be found in Note 5 to the current financial statements.

TABLE 15
CITY OF HOPKINSVILLE, KENTUCKY
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

FISCAL YEAR	POPULATION*	PERSONAL INCOME	PER CAPITA PERSONAL INCOME**	SCHOOL ENROLLMENT***	UNEMPLOYMENT RATE****
2015-2016	32,205	$ 1,191,939,255	$ 37,011	8,676	6.7%
2016-2017	31,811	1,177,356,921	37,011	8,557	7.9%
2017-2018	30,789	1,112,899,194	36,146	8,441	7.2%
2018-2019	31,026	1,170,983,292	37,742	8,803	7.1%
2019-2020	30,456	1,203,133,824	39,504	8,835	7.2%
2020-2021	30,546	1,309,934,664	42,884	8,835	7.5%
2021-2022	31,100	1,419,497,300	45,643	8,219	6.0%
2022-2023	30,374	1,302,467,494	42,881	8,174	5.5%
2023-2024	30,692	1,332,953,560	43,430	8,204	5.9%
2024-2025	30,800	1,441,563,200	46,804	8,184	5.6%

Sources:

* Source: Current year estimate from World Population Review (https://worldpopulationreview.com/us-cities/kentucky/hopkinsville)
** Source: Current year estimate from Federal Reserve Bank of St. Louis (https://fred.stlouisfed.org)
*** Source: Current year estimate from US News Eduction (https://www.usnews.com/education)
**** Source: Current year estimate from https://ycharts.com/indicators/hopkinsville_ky_unemployment_rate

TABLE 16
CITY OF HOPKINSVILLE, KENTUCKY
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

	2025			2016		
EMPLOYER	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Fort Campbell Army Post	8,800	1	35.95%	-		0.00%
Christian County Board of Education	1,250	2	5.11%	-		0.00%
Jennie Stuart Medical Center	948	3	3.87%	-		0.00%
Wal-Mart Distribution Center	884	4	3.61%	812	1	3.06%
T Rad North America Inc	825	5	3.37%	528	4	1.99%
Western State Psychiatric Hospital	746	6	3.05%	-		0.00%
Metalsa Structural Products Inc	500	7	2.04%	667	3	2.51%
Martinrea	450	8	1.84%	799	2	3.01%
TG Automotive Sealing Kentucky	420	9	1.72%	430	5	1.62%
Grupo Antolin Kentucky Inc	400	10	1.63%	387	6	1.46%
TeleTech Services Corporation			0.00%	370	7	1.39%
Douglas Autotech Corp	-		0.00%	278	8	1.05%
Propulsys Inc	-		0.00%	278	9	1.05%
Continental Mills	-		0.00%	260	10	0.98%
Total	15,223		62.18%	4,809		18.11%
Total employed	24,477			26,560		

Source: South Western Kentucky Economic Development Council (2025); Kentucky Cabinet for Economic Development (2016)

TABLE 17
CITY OF HOPKINSVILLE, KENTUCKY
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

	FULL TIME EQUIVALENT EMPLOYEES AT JUNE 30									
FUNCTION	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
General government	26	26	23	23	23	23	23	22	22	22
Police	100	95	93	93	93	92	90	90	90	90
Emergency communications	23	22.5	22	22	22	22	22.5	22	20	20
Fire	74	74	74	82	82	82	90	90	90	89
Emergency medical services	33	30	30	20	20	20 **2**	N/A	N/A	N/A	N/A
Public works	60.5	60.5	59	59	59 **3**	57	53 **1**	41.5	38.5	37.5
Total	316.5	308	301	299	299	296	278.5	265.5	260.5	258.5

1 Sportsplex was added as a new division in Public Works in FY 18-19.

2 Emergency Medical Services became a new department (separated from Fire) in FY 19-20.

3 Ft. Campbell Contracts was added as a new division in Public Works in FY 20-21.

Source: Internal departments of the City of Hopkinsville.

TABLE 18
CITY OF HOPKINSVILLE, KENTUCKY
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	FISCAL YEAR									
FUNCTION/PROGRAM	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Fire:										
Number of calls answered	4,077	4,122	3,698	3,258	3,005	3,194	3,358	2,846	2,742	2,026
Number of inspections conducted	374	305	345	138	160	916	1,462	1,462	1,589	2,037
Police:										
Physical arrests	2,294	1,934	1,951	2,258	2,098	2,480	2,851	2,725	2,532	2,654
Traffic violations	1,531	1,213	4,351	3,036	2,037	2,291	3,459	3,272	1,805	4,524
Sewerage System:										
Number of service connections	13,321	13,223	13,222	17,256	13,060	12,914	12,883	12,815	12,854	12,832
Average daily consumption in gallons	4,210,000	3,930,000	3,242,000	3,500,000	3,620,000	3,490,000	3,550,000	4,020,000	4,700,000	4,400,000
Water System:										
Number of service connections	15,258	14,861	14,822	15,961	14,995	14,583	14,426	14,667	14,726	14,676
Average daily consumption in gallons	6,740,000	7,180,000	7,550,000	6,300,000	6,676,900	6,351,660	6,480,000	6,396,440	5,851,023	5,659,000
Facilities and services not included in the reporting entity:										
Communications:										
Cable television systems	3	3	3	3	3	3	3	2	2	2
Newspapers	1	1	1	1	1	1	1	1	1	1
Radio stations	3	3	3	3	3	3	3	3	3	3
Number of satellite receiving stations	44	44	44	44	44	44	44	44	44	44
Education-Public:										
Number of elementary schools	10	10	10	10	10	10	10	8	8	11
Number of elementary school instructors	241	272	272	405	454	416	378	400	246	226
Number of secondary schools	3	2	2	2	2	2	2	2	2	2
Number of secondary school instructors	282	253	253	132	208	185	151	200	241	240
Education-Private/Parochial:										
Number of schools	3	3	3	3	3	3	3	3	3	3
Number of instructors	119	100	100	101	106	104	99	100	99	98
Community Facilities:										
Churches										
Protestant	94	93	93	90	90	90	82	94	94	82
Catholic	1	1	1	1	1	1	1	1	1	1
Hotels/motels	13	13	13	13	13	12	14	14	15	14
Shopping mall	1	1	1	1	1	1	1	1	1	1
Shopping centers	16	15	15	15	15	15	14	13	13	13
Hospitals:										
Number of hospitals	3	3	3	3	3	3	3	3	3	3
Number of patient beds	454	448	448	451	451	451	451	451	668	657
Number of doctors	222	270	270	252	243	199	207	191	199	209

TABLE 19
CITY OF HOPKINSVILLE, KENTUCKY
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	FISCAL YEAR									
FUNCTION/PROGRAM	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Fire stations	4	4	4	4	4	4	4	4	4	4
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	29	29	29	35	33	48	59	52	60	46
Sewerage System:										
Miles of sanitary sewers	266.0	266.0	266.0	267.0	265.9	265.0	264.0	264.0	261.0	261.0
Treatment plants	1	1	1	1	1	1	1	1	1	1
Maximum daily capacity of treatment plant in gallons	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Water System:										
Miles of water mains	304	304	304	303	302	301	297	297	284	284
Number of fire hydrants	1,362	1,362	1,362	1,260	1,347	1,338	1,317	1,307	1,302	1,249
Maximum daily capacity of plant in gallons	15,000,000	15,000,000	15,000,000	13,500,000	13,500,000	13,500,000	13,500,000	13,500,000	13,500,000	13,500,000
Public Works:										
Miles of streets	184	184	184	180	180	180	171	167	167	167
Parks and Recreation:										
Community centers	3	3	3	3	3	3	3	3	2	2
Playgrounds	11	11	11	15	15	15	15	15	13	13
Golf courses	1	1	1	2	2	2	2	2	2	3
Tennis courts	7	7	7	27	27	27	27	27	13	13
Baseball diamonds	1	1	1	11	11	11	11	11	5	8
Softball fields	5	5	5	12	12	12	12	12	17	5
Football fields	1	1	1	3	3	3	3	3	3	1
Soccer fields	4	4	4	16	16	16	16	16	11	4
Bowling alley	1	1	1	1	1	1	1	1	1	1
Skating rink	-	-	-	-	-	-	-	1	1	1
Movie theater (5-movie capacity)	1	1	1	1	1	1	1	1	1	1
Skate park	1	1	1	1	1	1	1	1	1	1
Aquatic center	1	1	1	1	1	1	1	1	1	1

Source: Internal departments of the City of Hopkinsville.

CITY OF HOPKINSVILLE, KENTUCKY
SINGLE AUDIT SECTION

CITY OF HOPKINSVILLE, KENTUCKY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2025

Federal Grantor/Program or Cluster Title (Pass-Through Grantor)	Federal ALN	Grant Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
CDBG - Entitlement Grants Cluster				
Department of Housing and Urban Development				
Community Development Block Grants / Entitlement Grants	14.218	B-24-MC-21-0002	$ -	$ 155,734
Total Department of Housing and Urban Development			-	155,734
Total CDBG - Entitlement Grants Cluster			-	155,734
Highway Safety Cluster				
Department of Transportation				
State and Community Highway Safety (Passed through Kentucky Department of Transportation)	20.600	PT-2026-36	-	28,459
Total Department of Transportation			-	28,459
Total Highway Safety Cluster			-	28,459
Other Programs				
Department of Homeland Security				
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (Passed through Kentucky Division of Emergency Management)	97.036	DR-4702	-	436,003
	97.036	DR-4864	-	179,256
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			-	615,259

*Denotes major program

See accompanying notes to schedule of expenditures of federal awards.

CITY OF HOPKINSVILLE, KENTUCKY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
For the Fiscal Year Ended June 30, 2025

Federal Grantor/Program or Cluster Title (Pass-Through Grantor)	Federal ALN	Grant Identifying Number	Pass-Through to Subrecipients	Federal Expenditures	
Other Programs, continued					
Department of Homeland Security, continued					
Assistance to Firefighters Grant					
(Passed through Kentucky Office of Homeland Security)	97.044	N/A	$ -	$ 8,957	
Total Homeland Security Grant Program			-	8,957	
Total Department of Homeland Security			-	624,216	
Department of the Treasury					
COVID-19 Coronavirus State & Local Fiscal Recovery Funds	21.027	N/A	-	2,972,976	*
Total Department of the Treasury			-	2,972,976	
United States Department of Agriculture					
Inflation Reduction Act Urban & Community Forestry Program					
(Passed through Kentucky Division of Forestry)	10.727	FAP111-44-00	-	18,900	
Total United States Department of Agriculture			-	18,900	
Total Other Programs			-	3,616,092	
Total Expenditures of Federal Awards			$ -	$ 3,800,285	

*Denotes major program

See accompanying notes to schedule of expenditures of federal awards.

CITY OF HOPKINSVILLE, KENTUCKY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2025

NOTE A - BASIS OF PRESENTATION

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

NOTE B - SUBRECIPIENTS

The City of Hopkinsville did not provide any federal awards to subrecipients in the fiscal year ended June 30, 2025.

NOTE C – INDIRECT COST RATE

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

YORK, NEEL & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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*

To the Honorable Mayor and City Council
City of Hopkinsville, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hopkinsville, 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 Hopkinsville, Kentucky's basic financial statements, and have issued our report thereon dated January 23, 2026.

Report on Internal Control over Financial Reporting

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

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

Report on Compliance and Other Matters

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

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.

Gork, Neel & Associates, LLP

Hopkinsville, Kentucky
January 23, 2026

YORK, NEEL & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Mayor and City Council
City of Hopkinsville, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Hopkinsville, Kentucky's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Hopkinsville, Kentucky's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Hopkinsville, Kentucky's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City of Hopkinsville, Kentucky's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Hopkinsville, Kentucky's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Gork, Neel & Associates, LLP

Hopkinsville, Kentucky
January 23, 2026

CITY OF HOPKINSVILLE, KENTUCKY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2025

Section I – Summary of Auditor's Results

1. The independent auditor's report expresses an unmodified opinion on whether the financial statements of the City of Hopkinsville, Kentucky were prepared in accordance with generally accepted accounting principles.

2. No significant deficiencies relating to the audit of the financial statements are reported. No material weaknesses relating to the audit of the financial statements are reported.

3. No instances of noncompliance material to the financial statements of the City of Hopkinsville, Kentucky, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. No significant deficiencies in internal control over the major federal award program are reported. No material weaknesses are reported.

5. The auditor's report on compliance for the major federal award program for the City of Hopkinsville, Kentucky expresses an unmodified opinion on the major federal program.

6. There are no findings that are required to be reported in accordance with 2 CFR section 200.516(a) in this schedule.

7. The program tested as a major program was:

Name	ALN
Coronavirus State & Local Fiscal Recovery Funds	21.027

8. The threshold used for distinguishing between Type A and B programs was $750,000.

9. The City of Hopkinsville, Kentucky qualified to be audited as a low-risk auditee.

Section II – Findings – Financial Statements Audit

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

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

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

CITY OF HOPKINSVILLE, KENTUCKY
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2024

Section II – Findings – Financial Statements Audit

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

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

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