

CITY OF GREENSBURG, KENTUCKY
ANNUAL AUDIT OF THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2010
AND FOR THE YEAR THEN ENDED
WITH REPORT OF INDEPENDENT AUDITOR

**Annual Financial Report
The City of Greensburg, Kentucky
As of June 30, 2010,
And for the Fiscal Year Then Ended**

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The City of Greensburg, Kentucky
As of June 30, 2010,
And for the Fiscal Year Then Ended

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February 7, 2011
City Council and Citizens of Greensburg
Greensburg, Kentucky

The Annual Financial Report

The Annual Financial Report (AFR) of the City of Greensburg, Kentucky, for the fiscal year ended June 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rest with the City's management. To the best of our knowledge and belief, the enclosed data is accurate 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 of the city. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The AFR is presented in two sections: introductory and financial. The introductory section includes this transmittal letter and a list of principal officials. The financial section includes, under the new Governmental Accounting Standards Board Statement No. 34 as amended, Management's Discussion and Analysis, the Report of Independent Accountant, the basic government-wide financial statements, and the required supplementary information.

The City of Greensburg is located in Green County, Kentucky. The City is a home rule municipal corporation organized on December 4, 1794, under the laws of the Commonwealth of Kentucky, and as such, operates under its own charter. The City government consists of a mayor and six (6) city council members. The mayor serves a four (4) year term. Council members serve a two (2) year term. The mayor and the city council members are elected on an at-large basis.

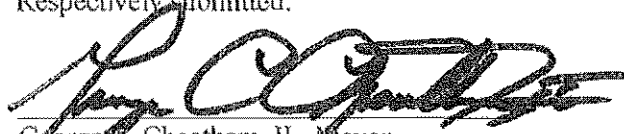
For financial reporting purposes, the City includes in this report all funds, agencies, boards and other commissions that are controlled by the City or dependent on the City legislative branch. "Controlled by" or "dependent on" is determined on the basis of the budget adoption, taxing authority, outstanding debts secured by revenues or general taxing authority of the City, and the City's obligation to fund any deficits that may occur.

The City provides a full range of municipal services. These services include fire and police protection, recreation programs, and a water and sewer system.

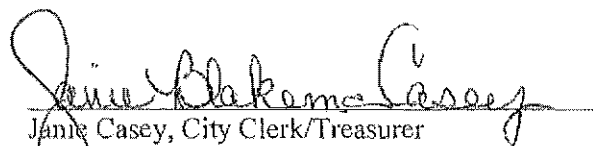
Robert C. Ryan, Certified Public Accountant, audited the financial statements and the related notes of the City of Greensburg, Kentucky. As stated in the auditor's report, the audit was conducted in accordance with Generally Accepted Government Auditing Standards as accepted in the United States of America, and included a review of accounting controls (as required by state law).

We wish to acknowledge the employees of the City of Greensburg who are the City's most valuable asset. These individuals serve productively throughout City operations. They continuously provide quality services to the citizens of Greensburg, Kentucky.

Respectively submitted:



George C. Cheatham, II, Mayor



Jamie Casey, City Clerk/Treasurer

City of Greensburg, Kentucky
Governmental Directory

City Clerk's Office
110 West Court Street
Greensburg, KY 42743

Telephone: 270/932-4298 ~ 270/932-7778 (facsimile)

City Council meetings held 1st Monday of each month at 6:00 PM (CST)

City of Greensburg Officials

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Mayor	George "Lisle" Cheatham, II	December 31, 2010
Council Member	Jerry Cowherd	December 31, 2010
Council Member	Brenda Patterson	December 31, 2010
Council Member	William O. "Bill" Moore	December 31, 2010
Council Member	Sandi Moran	December 31, 2010
Council Member	Steve Stone	December 31, 2010
Council Member	Bill Taylor	December 31, 2010
City Clerk/Treasurer	Janie Blakeman Casey	
Fire Chief	Lawrence Gupton	
Police Chief	John Brady	
Public Works Director	Roger Skaggs	
911 Co Coordinator	Ron Jones	
Chief Operator, Water Plant	Gordon Price	
Chief Operator, Waste Water Plant	Eddie Wright	

**Financial Audit
As of the Year Ended
June 30, 2010**

Management Discussion and Analysis

By

George "Lisle" Cheatham, II, Mayor, City of Greensburg, Kentucky

Over the past year we continued to see signs that our Community Development strategy is continuing to deliver positive benefits for the community. We are seeing not only efforts at new residential development but commercial development as well within the city, neither seen for several years. We have seen new businesses not only open in our downtown area but also in the outlying areas of town as well. The City's redevelopment efforts have been a key factor in these positive developments. By investing in ourselves, it makes it much easier for others to invest in us!

When viewed in the backdrop of the current overall economic condition of the country, we should be very encouraged by our successes. However, the continued high unemployment rates, not only in Green County but across the State as well as the United States, continue to be the biggest issue we face as a community. Our efforts at improving post-secondary education access in the community, along with our continued active marketing of the community and region, are key to addressing this issue.

As I write this Management Discussion and Analysis (MD&A) in early February 2011, the national economy is continuing to recover from what has become known as the "Great Recession". While the private sector begins its recovery, the financial effects on Federal, State and Local Government will be felt for several years to come. "Local Governments" struggle with rebuilding their "tax bases" while maintaining an ever more expensive organization and infrastructure. Greensburg will be no different. We have fared much better than other communities when it comes to the stability of our revenue streams. However, we are not immune from all the increased operational costs and unfunded mandates being passed on by both the federal government and the Kentucky State Legislature.

As warned in the past few MD &A reports – including the very first paragraph of last year's MD&A report – the window of financial opportunity for the City is quickly shrinking. The cushion provided by the implementation of the Occupational & Business License Tax at the beginning of the decade continues to be eroded by increased day to day costs of operation – most of which we have very little, if any, control over – such as retirement, employee benefit costs, utilities and insurance.

2010 Fiscal Year Overview

As always, when reviewing the financial condition of the City, it is best to break the discussion into at least two parts – the General Fund or, as it is sometimes called, the Current Expense Fund (CEF) and the Water and Sewer Fund, also referred to as Operation and Maintenance (O&M). The General Fund takes in all aspects of City Government such as Administration, Police, Fire, Public Works, the Renaissance Main Street Program and Community and Economic Development Departments. The final section of the audit strictly deals with the operation and maintenance of the Water and Wastewater Departments (O&M).

Management Discussion and Analysis
June 30, 2010

Conclusion to Financial Highlights

The City of Greensburg turned in a better than expected financial performance for the fiscal year of 2010, considering the economic environment we find ourselves in. We continued our recent history of growing the overall net asset value of the community. This has happened mainly due to the increased flow of grant proceeds as well as donated assets to the community we have enjoyed over the past eight years. Over the past seven years, the City of Greensburg has seen its net asset value more than double from just fewer than three million dollars in 2003 to over \$6.8 million today.

However, going forward - given the projected explosion in pension, insurance and utility cost -the City will have to focus more attention to managing our cash flow, prioritizing and thinking outside the box when it comes to looking for ways to cut cost and increase revenue opportunities, if we are to continue growing and improving our community. These issues will only be exacerbated by the fiscal crisis being experienced at both the federal and state levels.

Non-Financial Highlights

Our continued focus on overall community development as an economic strategy has continued to prove successful. Currently, the City has accumulated over \$2.2 million in committed grant and loan funds for community projects such as Wastewater improvements, a new Fire and Ambulance facility, a Post-Secondary Education Facility, Fitness Trail and several smaller projects. This will help to continue our efforts at building a "Livable Community" that can be marketed to new business and industry, tourists as well as new residents.

We are continuing to see the benefits of this strategy as we see more and more investment into our community, with several new businesses opening, increased redevelopment efforts and a continued demand for commercial space. The completion of the new road through the Industrial Park has opened up new developable property and created increased interest in the community, as we have seen with the recent opening of FRED's Department Store and hopefully other new locations in the near future.

It should be noted that the process of economic development is by its very nature a slow process and will have to be given time to work over the long term. The current economic recession and now recovery has played a significant role in this process as well, but we cannot let that be an excuse to throw our hands up and do nothing. We must use this time to put ourselves in the best possible position when the economy picks back up.

The Heartland Micro-Enterprise Park has continued to show positive results with eight local businesses currently housed at the facility. The Micro-Park was the main reason for the City's over \$94,000 in rental income realized in the 2010 fiscal year.

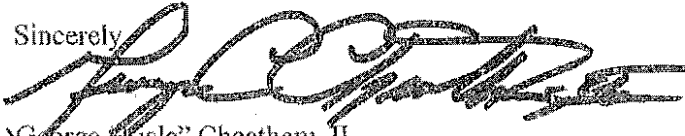
The Green River Paddle Trail and Cabins completed its fifth year of operations. We continued to see occupancy rates of over 24% for the cabins. For Fiscal 2010, the Green River Paddle Trail and Cabins generated \$22,297 in gross revenue while expenses ran \$26,558.

Management Discussion and Analysis
June 30, 2010

I do believe both the financial future and the overall future for Greensburg is solid, provided we continue to plan and manage our assets in a conservative manner and focus on our opportunities and our strengths. Given the economic conditions described above, Greensburg may only have a narrow window of time to make significant progress in creating the self-sustaining economic opportunity for our residents we all want. Therefore, it is more important than ever that our community continue to come together and work with a common vision and purpose. There are many forces working both for and against us in the world today. Most are out of our control. We must continue to focus on the ones we can control and take advantage of the opportunities created by the ones we cannot. We can be either our own worst enemy or our own best friend; it is up to each of us.

As always, the City of Greensburg looks forward to working toward the brightest future possible for our residents and our community!

Sincerely,

A handwritten signature in black ink, appearing to read "George 'Lisle' Cheatham, II". The signature is stylized and cursive, written over a horizontal line.

George "Lisle" Cheatham, II
Mayor
City of Greensburg

City of Greensburg, Kentucky
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Then Ended June 30, 2010

Financial Ratios, Years Ended June 30, Working Capital (Current assets-current liabilities)	2010	2009	2008	2007	2006	2005
Entity Wide Summary	\$647,920	\$617,255	\$808,382	\$961,340	\$437,327	\$587,751
Governmental	\$404,479	\$394,848	\$406,746	\$363,847	\$338,073	\$489,464
Special Revenue	\$43,024	\$14,898	\$53,140	\$43,063	(\$1,269)	\$98,287
Business-type	\$271,229	\$286,440	\$348,456	\$338,116	\$100,523	\$726,391

Current Ratio (Current assets / current liabilities)	2010	2009	2008	2007	2006	2005
Entity Wide Summary	2.45	1.92	2.54	2.66	1.98	3.71
Governmental	4.44	3.00	2.65	2.72	2.79	3.26
Special Revenue	1.00	1.00	1.00	1.00	0.7	100.00
Business-type	1.89	2.07	2.08	1.92	1.4	4.79

Days Cash and Investment in Reserve (Represents the number of days normal operations could continue with no revenue collections)	Days	Days	Days	Days	Days	Days
Entity Wide Summary	137	114	153	144	190	304.00
Governmental	76	50	89	79	125	323.00
Business-type	217	197	245	288	289	288.00

Liabilities to Net Assets (Indicates the extent of borrowing)	2010	2009	2008	2007	2006	2005
Entity Wide Summary	2.17	2.84	1.64	1.14	1.53	1.90
Governmental	6.71	6.82	7.45	7.24	6.54	25.50
Business-type	1.52	1.52	0.25	0.3	0.38	0.53

City of Greensburg, Kentucky
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Then Ended June 30, 2010

General Fund, Fiscal Year Ended June 30,	2010	2009	2008	2007	2006	2005
Revenues						
Taxes	61.24%	48.05%	46.30%	42.24%	38.47%	61.92%
Licenses and Permits	1.10%	0.50%	0.46%	0.25%	0.22%	0.32%
Intergovernmental Revenue	4.40%	3.81%	0.13%	5.78%	2.72%	4.58%
Franchise Fees	9.39%	7.63%	6.42%	5.22%	6.65%	8.73%
Grants	5.90%	20.08%	12.18%	32.81%	39.38%	4.26%
Municipal Road Aid	3.81%	3.10%	2.99%	4.42%	1.90%	9.59%
Rents	6.45%	4.10%	4.12%	2.12%	2.63%	1.80%
Interest Income	0.22%	0.36%	0.57%	0.46%	0.41%	0.54%
Other Income	7.49%	12.36%	7.01%	7.01%	7.62%	8.26%
Totals Revenues	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
General Fund, Fiscal Year Ended June 30,	2010	2009	2008	2007	2006	2005
Expenditures						
Current Expense Fund						
General Government	45.40%	36.68%	43.67%	34.27%	49.76%	35.93%
Public Safety, Police	32.48%	21.78%	31.21%	26.68%	29.80%	29.27%
Public Safety, Fire	1.96%	1.84%	1.69%	2.20%	3.32%	2.72%
City Maintenance	16.13%	15.10%	15.16%	15.74%	16.85%	13.17%
Capital Expenditures	7.60%	24.60%	8.26%	21.11%	0.27%	18.91%
Totals Expenditures	<u>103.57%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

City of Greensburg, Kentucky
 Management's Discussion and Analysis (Unaudited)
 For the Fiscal Year Then Ended June 30, 2010

Business-type (Sewer) Fund, Fiscal Years Ended June 30, Expenditures	2010	2009	2008	2007	2006	2005
Personnel Cost	38.96%	37.31%	30.62%	32.56%	32.14%	36.61%
Occupational Expenses	6.43%	3.86%	6.94%	7.73%	6.04%	7.74%
Chemical and Testing Expenses	6.56%	7.93%	7.29%	8.18%	6.80%	6.14%
Maintenance and Repairs Expenses	3.93%	5.39%	4.29%	5.65%	6.33%	6.16%
Interest Expenses	7.04%	7.32%	7.61%	9.29%	7.73%	11.23%
Other Expenses	14.44%	16.37%	22.62%	13.75%	10.97%	6.09%
Depreciation and Amortization	<u>22.84%</u>	<u>22.84%</u>	<u>22.84%</u>	<u>22.84%</u>	<u>29.99%</u>	<u>26.04%</u>
Totals Expenditures	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>



Robert C. Ryan
Certified Public Accountant
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E mail bobryan_cpa@bellsouth.net

Report of Independent Accountant

To the Mayor and City Council Members
City of Greensburg, Kentucky

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Greensburg, Kentucky, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Greensburg, Kentucky's management. My responsibility is to express opinions on the basic government-wide financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund of the City of Greensburg, Kentucky, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 7, 2011 on my consideration of the City of Greensburg, Kentucky's internal control over financial reporting and on my test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The accompanying management's discussion and analysis and budgetary comparison information on pages 3 through 12 and pages 49 through 55 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consist principally of

Member:

American Institute of Certified Public Accountants ~ Kentucky and Tennessee Societies of Certified Public Accountants
Licensed to practice as a Certified Public Accountant in Indiana and Kentucky

February 7, 2011

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inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Greensburg, Kentucky's basic financial statements. The schedules of general government activities, municipal street activities and business-type (Water and Sewer Service) activities have been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, are fairly presented in all material respects in relation to the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the U. S. Office of Management and Budget Circular A -133. *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Greensburg, Kentucky. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Robert C. Ryan

Robert C. Ryan

City of Greensburg, Kentucky
Statement of Net Assets
As of June 30, 2010

Assets	Primary Government		Totals
	Governmental Activities	Business- Type Activities	
Cash and Cash Equivalents	\$117,253	\$326,393	\$443,646
Investments	\$133,516	\$246,006	\$379,522
Receivables, net of allowance for doubtful tax collections	\$313,465	\$2,500	\$315,965
Interest Receivable	\$1,015		\$1,015
Capital Assets			
General Government	\$4,796,057		\$4,796,057
Water and Sewer System		\$9,061,340	\$9,061,340
Accumulated Depreciation	(\$449,189)	(\$5,645,283)	(\$6,094,472)
Unamortized Bond Discount		\$4,175	\$4,175
Unamortized Loss on Extinguishment of Debt		\$20,481	\$20,481
Due from Funds	\$213,155	\$262,284	\$475,439
Note Receivable	\$57,849		
Long Term Receivables	\$96,386		\$96,386
Other Long Term Assets	\$32,306	\$10,789	\$43,095
Total Assets	\$5,311,813	\$4,288,685	\$9,542,649
Liabilities			
Accounts Payable	\$33,686	\$65,842	\$99,528
Accrued Expenses	\$84,060	\$1,718	\$85,778
Customer Deposits		\$52,081	\$52,081
Bonds and Notes Payable			
Due Within One Year	\$70,812	\$184,029	\$254,841
Due in More Than One Year	\$324,731	\$2,197,131	\$2,521,862
Unamortized Gain on Loan Restructure		\$96,331	\$96,331
Due to Funds	\$168,851	\$306,588	\$475,439
Other Long Term Liabilities	\$28,301	\$10,789	\$39,090
Total Liabilities	\$710,441	\$2,914,509	\$3,624,950
Invest Net Assets of Related Debt	\$3,951,325	\$1,034,897	\$4,986,222
Restricted for:			
Restricted for Debt Service	\$395,543	\$2,381,160	\$2,776,703
Customers' Deposits	\$159,572	\$52,081	\$211,653
Restricted Cash Funds	\$43,024	\$144,322	\$187,346
Unres Road Fund	\$51,908	(\$2,238,284)	(\$1,786,376)
Total Net Assets	\$4,601,372	\$1,374,176	\$5,917,699

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

City of Greensburg, Kentucky
 Balance Sheet - Governmental Funds
 As of June 30, 2010

	General Government <u>Fund</u>	Debt Service <u>Fund</u>	Municipal Streets <u>Fund</u>	<u>Totals</u>
Assets				
Cash and Cash Equivalents				
Cash	\$49,188			\$49,188
Cash, Restricted	\$26,056		\$42,009	\$68,065
Investments	\$133,516			\$133,516
Receivables, Net	\$313,465			\$313,465
Interest Receivable			\$1,015	\$1,015
Total Assets	<u>\$522,225</u>	<u>\$0</u>	<u>\$43,024</u>	<u>\$565,249</u>
Liabilities				
Accounts Payable	\$33,686			\$33,686
Accrued Expenses	\$84,060			\$84,060
Current Portion of Debt		\$70,812		\$70,812
Total Liabilities	<u>\$117,746</u>	<u>\$70,812</u>	<u>\$0</u>	<u>\$188,558</u>
Fund Balance				
Non-Spendable Fund Balance				
Receivables, Net	\$313,765			\$313,765
Restricted Fund Balance				\$0
Assigned Programs	\$26,056			\$26,056
Municipal Aid Fund			\$43,024	\$43,024
Non restricted Fund Balance				\$0
Unassigned Fund Balance	\$64,658	(\$70,812)		(\$6,154)
Total Fund Balances	<u>\$404,479</u>	<u>(\$70,812)</u>	<u>\$43,024</u>	<u>\$376,691</u>
Total Liabilities and Fund Balances	<u>\$522,225</u>	<u>\$0</u>	<u>\$43,024</u>	<u>\$565,249</u>

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

City of Greensburg, Kentucky
Statement of Revenues, Expenditures
And Changes in Fund Balances -
Governmental Fund
Year Ended June 30, 2010

	General Government Fund	Debt Service Fund	Municipal Street Fund	
Revenues				
Franchise Fees	\$137,471			\$137,471
Insurance Premium Tax	\$246,077			\$246,077
Occupational Tax	\$470,156			\$470,156
Property Tax	\$198,893			\$198,893
Rent Income	\$94,384			\$94,384
Miscellaneous	\$85,850		\$1,881	\$87,731
Intergovernmental Revenues	\$64,461		\$53,844	\$118,305
Grant Revenues	\$86,454			\$86,454
Interest Income	\$3,210		\$36	\$3,246
Total Revenues	<u>\$1,386,956</u>	<u>\$0</u>	<u>\$55,761</u>	<u>\$1,442,717</u>
Expenditures				
General Government	(\$1,092,944)			(\$1,092,944)
Municipal Streets			(\$28,651)	(\$28,651)
Debt Service				
Principal		(\$71,458)		(\$71,458)
Interest		(\$20,588)		(\$20,588)
Capital Outlay				
Total Expenditures	<u>(\$99,832)</u>			<u>(\$99,832)</u>
Total Expenditures	<u>(\$1,192,776)</u>	<u>(\$92,046)</u>	<u>(\$28,651)</u>	<u>(\$1,313,473)</u>
Excess of Revenues and Grants Over (Under) Expenditures	<u>\$194,180</u>	<u>(\$92,046)</u>	<u>\$27,110</u>	<u>\$129,244</u>
Other Financing Sources (Uses)				
Transfers to Other Funds	(\$18,713)			(\$18,713)
Increase in Long Term Debt		\$50,000		\$50,000
Net Other Financing Sources (Uses)	<u>(\$18,713)</u>	<u>\$50,000</u>	<u>\$0</u>	<u>\$31,287</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$175,467</u>	<u>(\$42,046)</u>	<u>\$27,110</u>	<u>\$160,531</u>
Fund Balances, July 1, 2009	<u>\$157,450</u>	<u>\$21,234</u>	<u>\$15,914</u>	<u>\$194,598</u>
Fund Balances, June 30, 2010	<u>\$332,917</u>	<u>(\$20,812)</u>	<u>\$43,024</u>	<u>\$355,129</u>

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

City of Greensburg, Kentucky
 Balance Sheet - Proprietary Funds
 As of June 30, 2010

Assets	
Current Assets:	
Cash and Cash Equivalents	\$326,393
Investments	\$246,006
Receivables, net of allowance for doubtful tax collections	<u>\$2,500</u>
Total Current Assets	<u>\$574,899</u>
Noncurrent Assets	
Capital Assets	
Water and Sewer System	\$9,061,340
Accumulated Depreciation	(\$5,645,283)
Unamortized Bond Discount	\$4,175
Unamortized Loss on Extinguishment of Debt	\$20,481
Due from Funds	\$262,284
Other Long - term Assets	<u>\$10,789</u>
Total Noncurrent Assets	<u>\$3,713,786</u>
Total Assets	<u><u>\$4,288,685</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	\$65,842
Accrued Expenses	\$1,718
Customer Deposits	\$52,081
Bonds and Notes Payable	
Due Within One Year	<u>\$184,029</u>
Total Current Liabilities	<u>\$303,670</u>
Noncurrent Liabilities	
Unamortized Gain on Loan Restructure	\$96,331
Bonds and Notes Payable	
Due in More Than One Year	\$2,197,131
Due to Funds	\$306,588
Other Long - term Liabilities	<u>\$10,789</u>
Total Noncurrent Liabilities	<u>\$2,610,839</u>
Total Liabilities	<u><u>\$2,914,509</u></u>

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

City of Greensburg, Kentucky
Statement of Revenues, Expenditures and Changes in
Net Assets - Proprietary Fund
For The Year Ended June 30, 2010

Operating Revenues

Sewer Service	\$312,244
Water Service	\$672,156
Water Meter Connection	\$11,650
Program Grants	\$797,167
Total Operating Revenues	<u>\$1,793,217</u>

Operating Expenses

Personal Services	\$536,595
Contractual	\$45,636
Materials and Supplies	\$112,971
Repairs and Maintenance	\$54,177
Utilities	\$114,033
Other Expenses	\$101,154
Total Operating and Maintenance Expenses	<u>\$964,566</u>

Operating Income before Depreciation \$828,651

Depreciation and Amortization \$307,469

Operating Income (Loss) \$521,182

Non - Operating Revenues (Expenses)

Interest Expense	(\$106,690)
Gain on Loan Restructuring	\$8,757
Health Insurance Reimbursement	\$6,586
Interest Income	\$10,192
Other Income	\$34,474
Transfers	<u>(\$1,834)</u>

Total Non - Operating Income (Expenses) (\$48,515)

Change in Net Assets \$472,667

Total Net Assets, July 1, 2009 (1) \$901,509

Total Net Assets, June 30, 2010 \$1,374,176

(1) See *Summary of Significant Accounting Policies* concerning prior period correction.

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

City of Greensburg, Kentucky
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2010

	Water and Sewer <u>Utility</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities	
Operating Income	\$521,182
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and Amortization	\$303,375
Loss on Debt Extinguishment	\$4,094
(Increases) Decreases In:	
Accounts Payable	(\$8,449)
Accrued Expenses	(\$133)
Increases (Decreases) In:	
Receivables	\$8,989
Bank Overdraft	(\$23,237)
Prepaid Expenses	\$43,434
Customer Deposits	(\$1,139)
	<hr/>
Net Cash Provided (Used) by Operating Activities	<u><u>\$848,116</u></u>

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

City of Greensburg, Kentucky
Notes to Financial Statements
As of June 30, 2010, and
For the Fiscal Year Then Ended

Note	Description	Page
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Note A Summary of Significant Accounting Policies

These financial statements of the City of Greensburg, Kentucky (City) were prepared in accordance with accounting principles generally accepted in the United States of America for governmental entities (GAAP). The following summary of the more significant policies of the City is presented to assist the reader in interpreting these financial statements and should be viewed as an integral part of this report.

Reporting Entity

Entity status for financial reporting purposed is governed by Governmental Accounting Standards Board (GASB) Statements No. 14, *The Financial Reporting Entity*, and No. 39, *Determining Whether Certain Organizations are Component Units – an amendment of GASB Statement No. 14*. The GASB is the standard setting body for the establishment of GAAP in governmental entities. Determination of the financial reporting entity of the City is founded upon the objective of accountability. Therefore, these financial statements include the City government (the primary government).

The City of Greensburg, Kentucky was incorporated December 4, 1794. The City operates under a Mayor-Council form of government. The City's major operations include fire and police protection, parks and recreation, and general administrative services. In addition, the City operates a water and sewer system.

The citizens of Greensburg elect a mayor-at-large and six (6) city council members.

The financial statements of the City of Greensburg, Kentucky include the funds, account groups and entities over which the Mayor and Council exercise significant oversight responsibility. Oversight responsibility, as defined by Section 2100 of the Government Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, was determined based on the City's ability to significantly influence operations, select the governing body, and participate in fiscal management and the scope of public service.

Greensburg, Kentucky
Notes to Financial Statements
As of June 30, 2010, and
For the Fiscal Year Then Ended

recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, insurance premium tax, occupational tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified receivables as being Nonspendable.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified certain cash accounts as being restricted because their use is restricted by Kentucky Revised Statutes and/or a City Ordinance. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City did not have any committed resources as of June 30, 2010.
- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City Mayor through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The City has assigned funds for Other Capital Projects that are to be used for the repair and replacement of equipment. No funds have been assigned as of June 30, 2010.
- Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The City would typically use 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.

City Council establishes (and modifies or rescinds) fund balance commitments by passage of an **City of**

**City of Greensburg, Kentucky
Notes to Financial Statements
As of June 30, 2010, and
For the Fiscal Year Then Ended**

Budgeted amounts, as amended, in the financial statements are as adopted by ordinances of the City.

Encumbrance Accounting

Encumbrance accounting is a system under which purchase orders, contracts and other commitments for the expenditures of City moneys are recorded as a reservation of budget. The City does not use the encumbrance system of accounting to record and track budgeted expenses.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

Investments

Kentucky Revised Statutes authorize the City to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record; bankers' acceptances; repurchase agreements; and the state treasurer's investment pool.

Accounts Receivable

Amounts due from private individuals, businesses, organizations or other government entities which pertain to charges for services rendered by the City departments are reported as receivables.

Receivables are reviewed periodically to establish or update the provisions for uncollectible amounts. These provisions are estimated based on an analysis for the age of the various accounts. The City records the amount of earned but unbilled revenues for the Water and Sewer Utilities System enterprise funds.

Note Receivable

The City General Fund has an agreement with the City Enterprise Fund under which cash was advanced to City Enterprise Fund for the purpose of providing operating capital. The advance, \$62,800, is reported as Note Receivable in Governmental Activities and Notes Payable in the Business Type Activities, Statement of Assets, net of repayments made during fiscal year end June 30, 2010. No uncollectible allowance has been established for the receivable.

Inter-fund Transactions

Interfund transactions are reflected as loans, services provided, and reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

City of Greensburg, Kentucky
Notes to Financial Statements
As of June 30, 2010, and
For the Fiscal Year Then Ended

being depreciated are based upon the Internal Revenue Service guidelines for corresponding assets.

Impairment Loss

General Government Activities and Business – type Activities revenues do not include impairment losses due to the elimination of equipment (net of accumulated depreciation) that was no longer of service for City use.

Infrastructure

The City has elected to use the modified approach in accounting for its street network (pavement, drainage, sidewalks, and curbs). The modified approach allows governments to report as expenses in lieu of depreciation, infrastructure expenditures which maintain the asset but do not add to or improve the asset. Additions and improvements to the street network are capitalized. The City uses a pavement rating system to rate street condition and quantifies the results of maintenance efforts.

The condition of street pavement is rated using the Asphalt Institute's *Asphalt Pavement Rating Form*, which bases ratings on a weighted average of thirteen defects found in pavements. The form uses a measurement scale that is based on a condition index rating from zero for failed pavement to 100 for pavement in perfect condition. The condition index is used to classify roads and streets in seven categories: very good (94-100), good (76-93), fair (64-75), poor (41-63), very poor (0-40). It is the City's policy to maintain at least 80% of its street system in good or better condition.

Operating and Non-operating Revenues and Expenses

The business – type proprietary fund financial statements distinguish operating revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses are those that result from providing services associated with the principal activities of the respective fund. Primary examples of operating revenues are charges for water and wastewater treatment services of the City's utility system. Operating expenses include the cost of sales and services, administration costs and depreciation expenses.

Non-operating revenues and expenses are all those that do not meet the criteria described previously, and include interest and tax revenues, and debt service expenses.

Compensated Absences

It is the policy of the City to permit City employees to accumulate a limited amount of earned but unused leave benefits which will be paid to City employees upon separation from service. Unpaid compensated absences are recorded as a liability when the benefits are earned. The valuation of accrued leave benefits is calculated in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. The liability is typically liquidated with resources of the same fund that has paid the applicable employee's regular salaries and fringe benefits.

City of Greensburg, Kentucky
Notes to Financial Statements
As of June 30, 2010, and
For the Fiscal Year Then Ended

recorded as grant revenue in the statement of activities. The \$311,167 should have been recorded as a short term current liability in the statement of net assets.

The \$311,167 was part of a loan that was that was to become a loan payable to United States Department of Agriculture (USDA), Rural Development. In fiscal year ended June 30, 2010, the balance of the funds related to the loan was received from the interim lender and a loan totaling \$450,000 due to USDA Rural Development was assumed. See Note E, *Long - term Debt* for additional details.

Note B Deposits and Investments

The City maintains and controls ten (10) cash accounts of the primary government. The cash accounts are as follows:

Cash in bank, checking account (1 non - restricted)	\$49,188
Cash in bank, checking accounts (8 restricted)	57,037
Cash in bank, savings account (1)	<u>11,028</u>
	<u>\$117,253</u>

The City maintains and controls nine (9) cash accounts of the business-type activity. The cash accounts are as follows:

Cash in bank, checking accounts (3 restricted)	\$77,939
Cash in bank, checking accounts (6 non - restricted)	<u>248,454</u>
	<u>\$326,393</u>

The City reporting entity considers highly liquid investments (including restricted assets) with an original maturity of three (3) months or less to be cash equivalents.

Concentration of Credit Risk

As of June 30, 2010 City funds are deposited in the three local financial institutions, Community Trust Bank, 3%, PBI Bank, 18% and Forcht Bank, 79%.

Custodial Credit Risk

In Accordance with commonwealth law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market value or par. Acceptable collateral includes certain United States Government or Government Agency securities, certain Commonwealth of Kentucky or political subdivision debt obligations, including surety bonds permitted by Kentucky revised Statute (KRS) 41.240(4). As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City of Greensburg, Kentucky must have a written agreement approved by the board of directors or loan committee.

The carrying value of all City of Greensburg's deposits and investments is \$823,168. At June 30, 2010, the Federal Deposit Insurance Corporation (FDIC) insured the first \$250,000 of the

City of Greensburg, Kentucky
Notes to Financial Statements
As of June 30, 2010, and
For the Fiscal Year Then Ended

Note C Capital Assets

Capital asset activity for the year ended June 30, 2010 is as follows:

<u>Capital Asset Class</u>	<u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2010</u>
<u>Government Activities</u>				
Land	\$105,650	\$ 0	(\$12,964)	\$92,686
Buildings	2,349,081	0	0	2,349,081
Equipment	175,802	4,000	0	179,802
Furniture	28,124	0	0	28,124
Software	24,885	0	0	24,885
Vehicles	207,153	0	0	207,153
Streetscape	1,657,344	95,832	0	1,753,176
Connector Road	161,150	0	0	161,150
	<u>\$4,709,189</u>	<u>\$99,832</u>	<u>(\$12,964)</u>	<u>\$4,796,057</u>
<u>Accumulated Depreciation</u>				
Buildings	\$143,477	\$46,149	\$ 0	\$189,627
Equipment	59,661	25,494	0	85,155
Furniture	19,869	4,967	0	24,836
Software	2,282	1,687	0	3,969
Vehicles	61,472	14,898	0	76,369
Streetscape	28,450	40,783	0	69,233
	<u>\$315,211</u>	<u>\$133,978</u>	<u>\$ 0</u>	<u>\$449,189</u>
Net Government Capital Assets	<u>\$4,393,978</u>	<u>(\$34,146)</u>	<u>(\$12,964)</u>	<u>\$4,346,868</u>
<u>Enterprise Capital Assets</u>				
Land	\$25,450	\$ 0	\$ 0	\$25,450
Equipment	426,823	0	0	426,823
Buildings	77,730	0	0	77,730
Sewer System	4,116,959	0	0	4,116,959
Vehicle	93,031	0	0	93,031
Water System	3,447,105	874,242	0	4,321,347
	<u>\$8,187,098</u>	<u>874,242</u>	<u>0</u>	<u>9,061,340</u>
<u>Accumulated Depreciation</u>				
Buildings	74,131	600	0	74,731
Sewer System	2,594,839	166,712	0	2,761,551
Vehicle	93,031	0	0	93,031
Water System	2,580,949	135,021	0	2,715,970
	<u>5,342,950</u>	<u>302,333</u>	<u>0</u>	<u>5,645,283</u>
Net Enterprise Capital Assets	<u>\$2,844,148</u>	<u>\$571,909</u>	<u>\$ 0</u>	<u>\$3,416,057</u>

City of Greensburg, Kentucky
Notes to Financial Statements
As of June 30, 2010, and
For the Fiscal Year Then Ended

Note E Long-term Debt

The City of Greensburg, Kentucky's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be paid from business-type activities.

Governmental Activities

As of June 30, 2010, the governmental debt of the City of Greensburg, Kentucky consisted of the following:

<u>Notes Payable:</u>	<u>Balance</u>	<u>Current</u>
PBI Bank Inc. Note Payable, original issue amount of \$60,000; dated March 14, 2009; secured by PBI Bank certificate of deposit No. 212434610; interest rate of 5.25% with final maturity dated June 30, 2010	\$27,366	\$27,366
PBI Bank, Inc. Note Payable, original issue amount of \$137,245; dated January 9, 2010; secured by real property located at 106 West Court Street, Greensburg, Kentucky; interest rate of 5%; with final maturity dated January 9, 2024	\$128,177	13,025
The Huntington National Bank Fixed Rate Swap Lease, original issue amount of \$300,000; dated July 18, 2005; secured by personal property; interest rate of 3.78%; with final maturity dated April 1, 2026	<u>\$240,000</u>	<u>30,421</u>
Total Notes Payable and Fixed Rate Swap Lease	<u>\$395,543</u>	<u>\$70,812</u>

Business-type Activities

As of June 30, 2010, the long - term debt payable from business-type activities (proprietary fund) resources consisted of the following:

United States Department of Agriculture (USDA) Rural Development Revenue Bonds; original issue amount of \$1,852,000; dated April 13, 1993; secured by City utility revenues; interest rate of 5%; with final maturity dated January 1, 2031	\$1,409,000	\$110,450
United States Department of Agriculture (USDA) Rural Development; original issue amount of \$450,000; dated September 19, 2009; secured by City utility revenues; interest rate of 4.125%; with final maturity dated January 1, 2048	\$450,000	23,662

**City of Greensburg, Kentucky
Notes to Financial Statements
As of June 30, 2010, and
For the Fiscal Year Then Ended**

<u>Business-type Activities</u>	<u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2010</u>
\$1,852,000, 1993 Serial bonds maturing January 1, 2031, interest @ 5.00%	\$1,446,000	\$ 0	(\$37,000)	\$1,409,000
\$542,486, 1989 F Kentucky Infrastructure Authority (KIA) Revenue Bonds, maturing through January 1, 2016, interest variable	384,583	0	(5,000)	379,583
\$62,800, City of Greensburg Current Expense Fund, due April 2013, interest @ 4.0%, non secured	0	62,800	(4,951)	57,849
\$450,000, USDA Rural Development due January 1, 2048, interest @ 4.125%, secured by revenue bonds	0	450,000	0	450,000
\$100,000, Kentucky League of Cities Long-term Lease Agreement, due April 1, 2026, variable interest rate, secured by City revenues	88,580	0	(3,852)	84,728
	<u>\$1,919,163</u>	<u>\$512,800</u>	<u>(\$50,803)</u>	<u>\$2,381,160</u>

Revenues from the Enterprise Fund (Business - type activities) were used during fiscal year ended June 30, 2010 to retire long-term obligations of the City.

The annual requirements (principal, interest and fees) to amortize the long-term debt outstanding as of June 30, 2010 are detailed on page 45.

Note F Compliance with Bond Ordinance

The City of Greensburg Water and Sewer Revenue Bonds of 1992 ordinance requires the City to create and maintain separate funds or accounts for the Sewer Fund.

- **Depreciation** - This account is to receive from the remaining revenues of the system \$916 each month. The City is in compliance with the ordinance.
- **Bond and Interest Sinking** - This account is to receive, monthly, one sixth (1/6) of the next interest installment and one-twelfth (1/12) of the next annual principal payment. The City is in compliance with the ordinance.

**City of Greensburg, Kentucky
Notes to Financial Statements
As of June 30, 2010, and
For the Fiscal Year Then Ended**

each county, school board, municipal and other local agencies electing to participate. Upon election to participate in the CERS, each employee has the option to participate, however, all subsequent employees must participate and the employer is required to continue participation.

Employees who retire at age 65 and have 48 or more months of credit service or have 27 years of credited service regardless of age are entitled to a retirement benefit, payable monthly for life, equal to 2% of the average annual salary of the members' highest earning years multiplied by the number of year of service credit. Members retiring at less than 55 years of age with 25 to 27 years of service credit or 65 years of age with less than 48 months of service credit are entitled to reduced benefits. Members' retirement benefits become fully vested when they complete sixty months of service, twelve of which are current service. At a minimum, terminated employees are refunded their contributions with credited interest at 3% compounded annually through June 30, 1981 thereafter through June 30, 1986, and 4% thereafter.

Employer contribution rates are intended to fund the System' normal cost on a current basis plus one percent (1%) of unfunded past service cost per annum plus interest at the actuarial assumed rate. The Board of Trustees of Kentucky Retirement Systems determines such contribution rates each biennium.

The amount shown below as pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help the users assess the System's funding status on a going-concern basis, and assess progress made in the public employee retirement system (PERS). The measure is independent of the actuarial funding method used to determine contributions to the System.

The funded status as of the latest valuation date (June 30, 2009) of CERS is as follows:

County Employees Retirement System (CERS) – Pension Fund		
	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Actuarial Accrued Liability (AAL)	\$10,491,358,112	\$9,707,339,786
Actuarial Value of Assets	\$7,402,277,531	\$7,482,369,811
Unfunded Liability on AAL	\$3,089,080,581	\$2,224,969,975
Funded Ratio on Actuarial Value of Assets	70.60%	77.10%
Covered Payroll	\$2,652,927,312	\$2,640,853,980
UAAL as a % of Covered Payroll	116.40%	84.30%

The complete comprehensive annual report, audited financial statements and actuarial valuation can be found online at www.kyret.ky.gov/investments.

Contributions required by Commonwealth statute for years ended June 30, 2007, 2008, 2009 and 2010 were as follows:

Fiscal Year	Required Contribution	Percent Contributed
2008	\$136,026	100%
2009	\$112,535	100%
2010	\$129,531	100%

**City of Greensburg, Kentucky
Notes to Financial Statements
As of June 30, 2010, and
For the Fiscal Year Then Ended**

<u>Uses</u>		
Deposit to escrow fund	\$17,210,319	\$528,073
Cost of insurance	254,618	9,148
Bond discount	385,063	13,835
Loss on extinguishment	<u>0</u>	<u>90,285</u>
Total use of funds	<u>\$17,850,000</u>	<u>\$641,341</u>

As a result of the advance refunding, the City realized a loss on extinguishment of \$90,285. The loss is being amortized over the life of the Series 1993 F revenue bonds. A loss of \$4,904 is recognized for financial reporting in the current year ended June 30, 2010.

	<u>Balance June 30, 2009</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2010</u>
Bond discount and cost of Insurance, \$22,983, amortized over 22 years	<u>\$5,217</u>	<u>\$ 0</u>	<u>(\$1,042)</u>	<u>\$4,175</u>
Extinguishment of loss, \$90,285, amortized over 22 years	<u>\$24,575</u>	<u>\$ 0</u>	<u>(\$4,094)</u>	<u>\$20,481</u>
Gain on restructure of debt, \$192,000, amortized over 22 years	<u>\$105,088</u>	<u>\$ 0</u>	<u>(\$8,757)</u>	<u>\$96,331</u>

See the amortization of defeasance debt on pages 46, 47 and 48.

Note N Date of Management's Review

Subsequent events were evaluated through February 7, 2011, which is the date the financial statements were available to be issued.

City of Greensburg, Kentucky
Notes to Financial Statements
As of June 30, 2010, and
For the Fiscal Year Then Ended

Defeasance of Debt Footnote

Date	Interest Rate	Principal	Interest	Period Total	Present Value
07/01/93	5.00%		\$20,063	\$20,063	\$18,646
01/01/94	5.00%	\$17,000	\$46,300	\$63,300	\$57,394
07/01/94	5.00%		\$45,875	\$45,875	\$40,580
01/01/95	5.00%	\$18,000	\$45,875	\$63,875	\$55,125
07/01/95	5.00%		\$45,425	\$45,425	\$38,246
01/01/96	5.00%	\$19,000	\$45,425	\$64,425	\$52,920
07/01/96	5.00%		\$44,950	\$44,950	\$36,023
01/01/97	5.00%	\$20,000	\$44,950	\$64,950	\$50,781
07/01/97	5.00%		\$44,450	\$44,450	\$33,905
01/01/98	5.00%	\$21,000	\$44,450	\$65,450	\$48,706
07/01/98	5.00%		\$43,925	\$43,925	\$31,890
01/01/99	5.00%	\$22,000	\$43,925	\$65,925	\$46,696
07/01/99	5.00%		\$43,375	\$43,375	\$29,974
01/01/00	5.00%	\$23,000	\$43,375	\$66,375	\$44,749
01/01/00	5.00%		\$42,800	\$42,800	\$28,151
01/01/01	5.00%	\$24,000	\$42,800	\$66,800	\$42,865
07/01/01	5.00%		\$42,200	\$42,200	\$26,419
01/01/02	5.00%	\$25,000	\$42,200	\$67,200	\$41,044
07/01/02	5.00%		\$41,575	\$41,575	\$24,774
01/01/03	5.00%	\$27,000	\$41,575	\$68,575	\$39,866
07/01/03	5.00%		\$40,900	\$40,900	\$23,197
01/01/04	5.00%	\$28,000	\$40,900	\$68,900	\$38,125
07/01/04	5.00%		\$40,200	\$40,200	\$21,701
01/01/05	5.00%	\$29,000	\$40,200	\$69,200	\$36,446
07/01/05	5.00%		\$39,475	\$39,475	\$20,283
01/01/06	5.00%	\$31,000	\$39,475	\$70,475	\$35,329
07/01/06	5.00%		\$38,700	\$38,700	\$18,927
01/01/07	5.00%	\$32,000	\$38,700	\$70,700	\$33,734
07/01/07	5.00%		\$37,900	\$37,900	\$17,642
01/01/08	5.00%	\$34,000	\$37,900	\$71,900	\$32,653
07/01/08	5.00%		\$37,050	\$37,050	\$16,416
01/01/09	5.00%	\$36,000	\$37,050	\$73,050	\$31,577
07/01/09	5.00%		\$36,150	\$36,150	\$15,245
01/01/10	5.00%	\$37,000	\$36,150	\$73,150	\$30,096
07/01/10	5.00%		\$35,225	\$35,225	\$14,139
01/01/11	5.00%	\$40,000	\$35,225	\$75,225	\$29,459
07/01/11	5.00%		\$34,225	\$34,225	\$13,076
01/01/12	5.00%	\$41,000	\$34,225	\$75,225	\$28,039

City of Greensburg, Kentucky
 Notes to Financial Statements
 As of June 30, 2010, and
 For the Fiscal Year Then Ended

Defeasance of Debt Footnote

Date	Interest Rate	Principal	Interest	Period Total	Present Value
01/01/31	5.00%	\$106,000	\$2,650	\$108,650	\$15,846
		<u>\$1,852,000</u>	<u>\$2,296,113</u>	<u>\$4,148,113</u>	<u>\$1,739,836</u>

Effective interest rate = 5.000565%.

City of Greensburg, Kentucky
 Budgetary Comparison Schedule, Municipal Streets Activity
 Budget and Actual
 Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental Revenue	\$38,740	\$38,740	\$53,845	\$15,105
Interest Income	\$300	\$300	\$33	(\$267)
Total Revenues	<u>\$39,040</u>	<u>\$39,040</u>	<u>\$53,878</u>	<u>\$14,838</u>
Appropriations				
Street Repairs	\$39,040	\$39,040	\$28,651	\$10,389
Transfers Out	\$0	\$0	\$0	\$0
Total Appropriations	<u>\$39,040</u>	<u>\$39,040</u>	<u>\$28,651</u>	<u>\$10,389</u>
Excess of Resources Over (Under)				
Appropriations	\$0	\$0	\$25,227	\$25,227
Fund Balance July 1, 2009	<u>\$25,172</u>	<u>\$25,172</u>	<u>\$21,025</u>	<u>\$4,147</u>
Fund Balance June 30, 2010	<u><u>\$25,172</u></u>	<u><u>\$25,172</u></u>	<u><u>\$46,252</u></u>	<u><u>\$29,374</u></u>

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

City of Greensburg, Kentucky
 Budgetary Comparison Schedule, Water and Sewer Activity
 Budget and Actual
 Year Ended June 30, 2010

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Charges for Service, Water	\$626,435	\$614,398	\$672,156	\$57,758
Chargers for Service, Sewer	\$317,675	\$282,612	\$312,244	\$29,632
Other Revenues	\$34,500	\$40,000	\$46,124	\$6,124
Health Insurance Reimbursement			\$6,586	\$6,586
Intergovernmental Revenue	\$3,300	\$6,500	\$0	(\$6,500)
Loan Proceeds	\$120,000	\$0	\$181,633	\$181,633
Interest Income	\$3,000	\$1,000	\$10,192	\$9,192
Grant Revenues	\$449,000	\$975,000	\$797,167	(\$177,833)
Total Revenues	<u>\$1,553,910</u>	<u>\$1,919,510</u>	<u>\$2,026,102</u>	<u>\$106,592</u>
Appropriations				
Grant Expenses	\$449,000	\$975,000	\$874,242	\$100,758
Debt Retirement, Water	\$72,867	\$46,000	\$42,517	\$3,483
Debt, Retirement, Sewer	\$109,400	\$115,000	\$114,976	\$24
Water Operations	\$663,979	\$576,727	\$608,955	(\$32,228)
Sewer Operations	\$381,822	\$324,338	\$355,611	(\$31,273)
Total Appropriations	<u>\$1,677,068</u>	<u>\$2,037,065</u>	<u>\$1,996,301</u>	<u>\$40,764</u>
Excess of Resources Over (Under Appropriations	<u>(\$123,158)</u>	<u>(\$117,555)</u>	<u>\$29,801</u>	<u>\$147,356</u>
Fund Balance July 1, 2009	<u>\$412,286</u>	<u>\$412,286</u>	<u>\$1,470,784</u>	<u>\$1,058,498</u>
Fuud Balance June 30, 2010	<u>\$289,128</u>	<u>\$294,731</u>	<u>\$1,500,585</u>	<u>\$1,205,854</u>

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

Poor	41 - 63	These roadways have deteriorated to such an extent that they are in need of resurfacing and the ride is noticeably rough. (Structural improvements, in addition to major maintenance, are likely needed.)
Very Poor	0 - 40	Pavement in this category is severely deteriorated and the ride quality is unacceptable. (Complete road reconstruction is likely needed.)

Established Condition Level

It is the City's policy to maintain at least 80% of its roads at or above the "good" condition level, and no more than 10% at a "very poor" condition. Condition assessments are performed by geographic district within the City on approximately one-third of the roads each year, achieving a complete condition assessment at least every three years.

Assessed Conditions

The following table reports the percentage of pavement meeting the "very good" and "good" condition ratings, as well as those falling into the "fair" category, as assessed in 2010. No City streets were assessed as "poor" or "very poor". Prior to 2010, the City did not use an asset management system. Therefore, no meaningful comparison of the condition of the City's roads prior to 2010 is available.

Category	2010
Very Good	60%
Good	30%
Fair	10%

During the past five (5) years the City spent the following to maintain City streets, roads and sidewalks:

<u>Fiscal Year Ended June 30,</u>	<u>Expenditures</u>
2006	\$81,592
2007	\$38,079
2008	\$38,277
2009	\$46,220
2010	\$28,651



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Report of Independent Accountant

To the Mayor and City Council Members
City of Greensburg, Kentucky

My audit was performed for the purpose of forming an opinion on the basic government-wide financial statements taken as a whole. The supplemental schedules of the City of Greensburg, Kentucky as of June 30, 2010, and for the fiscal year then ended are presented for the purpose of additional analysis and are not a required part of the basic government-wide financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic government-wide financial statements and in my opinion, are fairly stated in all material respects in relation to the basic government-wide financial statements taken as a whole. See pages 13 and 14 for complete *Report of Independent Accountant*.

Robert C. Ryan

Robert C. Ryan

February 7, 2011

City of Greensburg, Kentucky
 Schedule of General Government Activities
 Year Ended June 30, 2010

Expenditures	<u>General Activities</u>	<u>Special Activity</u>	<u>Totals</u>
Salaries	\$423,282		\$423,282
Payroll Taxes	\$28,462		\$28,462
Mayor and Council Expenses	\$2,701		\$2,701
Advertising Expenses	\$6,244		\$6,244
Annual Festivals Expense	\$1,048		\$1,048
Awards	\$97		\$97
Building Inspection Fees and Permits	\$2,707		\$2,707
Code Enforcement Ordinances	\$2,125		\$2,125
Community Development Expenses	\$6,064		\$6,064
Community Programs	\$4,318		\$4,318
Comprehensive Plan Update	\$1,520		\$1,520
Computer Software	\$2,143		\$2,143
Contractual Services	\$15,567		\$15,567
Debt Service Expense	\$20,588		\$20,588
Dues and Subscriptions	\$1,869		\$1,869
Equipment Expense	\$1,560		\$1,560
Fees	\$9,873		\$9,873
Firemen's Fees	\$12,814		\$12,814
Grant Expenses	\$30,652		\$30,652
Insurance, General	\$50,655		\$50,655
Intergovernmental Agreement Expense	\$35,000		\$35,000
Marketing and Maintenance	\$13,129		\$13,129
Minor Equipment	\$1,606		\$1,606
Miscellaneous Expenses	\$20,769		\$20,769
Office Supplies	\$199		\$199
Paver-Bench-Light Pole Expenses	\$2,796		\$2,796
Personnel Benefits Expenses	\$130,062		\$130,062
Personnel HSA Contribution	\$10,179		\$10,179
Professional Fees	\$13,055		\$13,055
Postage Expense	\$1,381		\$1,381
Repairs and Maintenance Expenses	\$57,059	\$28,651	\$85,710
Shelter House Expenses	\$2,331		\$2,331
Supplies Purchased	\$21,822		\$21,822

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

City of Greensburg, Kentucky
 Schedule of Sewer and Water Service Activities
 Year Ended June 30, 2010

Operating Expenditures	Sewer and Water Service Activities
Salaries	\$369,619
Payroll Taxes	\$26,402
Advertising Expenses	\$497
Chemicals Purchased	\$72,898
Computer Expenses	\$3,006
Contractual Services	\$26,506
Dues and Subscriptions	\$429
Equipment Parts Expense	\$2,796
Fees Paid	\$1,617
Fuel	\$11,700
Insurance, General Expense	\$32,751
Interest Expense	\$106,690
Loss on Extinguishment of Debt	\$4,094
Miscellaneous Expenses	\$3,424
Personnel Benefits Expenses	\$140,574
Postage Expense	\$2,460
Repairs and Maintenance Expenses	\$54,177
Rent and Storage Expenses	\$24,000
Sludge Removal Expenses	\$15,769
Supplies Expenses	\$25,561
Testing Expenses	\$17,513
Travel and Training Expense	\$4,915
Uniform Expenses	\$2,206
Utility Expenses	\$114,003
Water Purchase Expense	\$11,743
Amortization Expense	\$1,042
Depreciation Expense	\$302,333
Total Operating Expenditures	<u>\$1,378,725</u>

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



Robert C. Ryan

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February 7, 2011

**Report on Internal Control over Financial Statements and on Compliance and Other Matters
Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing
Standards***

Fiscal Year ended June 30, 2010

To the Mayor and City Council
The City of Greensburg, Kentucky

Mayor and Council Members:

I have audited the financial statements of the City of Greensburg, Kentucky as of June 30, 2010 and for the year then ended, and have issued my report thereon February 7, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control over Financial Reporting

In planning and performing my audit I considered the City of Greensburg, Kentucky's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing an opinion on the effectiveness of the financial statements, but not for the propose of expressing my opinion on the effectiveness of the City of Greensburg, Kentucky's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City of Greensburg, Kentucky internal control over financial reporting.

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 assign functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency or combination of significant deficiencies I internal control such that there is a reasonable possibility that a material misstatement of the entities financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weakness. I did not identify and deficiencies in internal control over financial reporting that I consider to be a material weakness as defined above.

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February 7, 2011

Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Greensburg, Kentucky's financial statements are free of material misstatements, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of the financial statement amount. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the City of Greensburg, Kentucky, management and others within the administration of the City, and the Kentucky Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Robert C. Ryan

Robert C. Ryan



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February 7, 2011

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance With *OMB Circular A-133*

To the Mayor and City Council Members
City of Greensburg, Kentucky

Compliance

I have audited the compliance of the City of Greensburg, Kentucky, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The City of Greensburg, Kentucky's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned cost. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of the major federal programs is the responsibility of the City of Greensburg, Kentucky's management. My responsibility is to express an opinion on the City of Greensburg, Kentucky's compliance based upon my audit.

I conducted my audit of the 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 *Controller General of the United States; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that I plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material affect no a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Greensburg, Kentucky's compliance with those requirements and performing such other procedures as I consider necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the City of Greensburg, Kentucky's compliance with those requirements.

In my opinion, the City of Greensburg, Kentucky, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

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Internal Control over Compliance

The management of the City of Greensburg, Kentucky, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the City of Greensburg, Kentucky's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the City of Greensburg, Kentucky's internal over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or a combination of significant deficiencies, that entity's in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

My consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management of the City of Greensburg, Kentucky, Mayor and City Council Members, Kentucky Department for Local Government-Office of Federal Grants and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Robert C. Ryan, CPA

February 7, 2011

**City of Greensburg, Kentucky
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2010**

Section I - Summary of Auditor's Results

Financial Statements

Type auditor's report issued: Unqualified

Internal Control over Financial Reporting

- Material weakness (es) identified? Yes No
- Significant deficiency (ies) identified that are not considered to be material weaknesses? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal Control Over Major Programs

- Material Weakness (es) identified? Yes No
- Significant deficiency (ies) identified that are not considered to be material weakness (es) Yes None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 501 (a) of OMB Circular A-133 Yes No

The City's major programs were:

<u>Program</u>	<u>Project Number</u>
Greensburg Water System Improvements Project Community Block Development Grant, CFDA No. 14.228	No. 001XX03Z

A threshold of \$300,000 was used to distinguish between Type A and Type B programs as those terms are defined in *OMB Circular A-133*.

The City of Greensburg, Kentucky did qualify as a low-risk auditee as the term is defined in *OMB Circular A-133*.

City of Greensburg, Kentucky
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2010

Section II – Financial Statement Findings Required to be Reported by Government
Auditing Standards

None

Section III – Federal Award Findings and Questioned Cost Required to be Reported by
OMB Circular A-133

None.

**City of Greensburg, Kentucky
 Schedule of Expenditures of Awards
 Year Ended June 30, 2010**

<u>Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Greensburg Water System Improvements Project Community Development Block Grant CFDA 14.22	07-021	\$514,479

Notes to the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2010

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") included the federal grant activity of the City of Greensburg, Kentucky under programs of the federal government for the year ended June 30, 2010. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the City of Greensburg, Kentucky, it is not intended to and does not present the financial position, change in net assets or cash flows of the City of Greensburg, Kentucky.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in *OMB Circular A-122, Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowed or are limited to as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.



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February 7, 2011

To the Mayor and City Council Members
The City of Greensburg, Kentucky

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of the City of Greensburg, Kentucky for the year ended June 30, 2010. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133 as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated February 7, 2011. Professional standards also require that I communicate to you the following information related to my audit.

Significant Audit Findings

Management is responsible for the selection and use of appropriate policies. The significant accounting policies used by the City of Greensburg, Kentucky are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year ended June 30, 2010. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City of Greensburg, Kentucky's financial statements were:

General government activities, Depreciation Expense	\$133,978
Business-type activities, Depreciation Expense	\$302,333
Business-type activities, Amortization Expense	\$1,042

Management's estimate of the Depreciation expense is based on straight line depreciation over estimated service lives of 7 – 30 years. I evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements is detailed in Note E, *Long – term Debt*, to the financial statements.

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Corrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to my satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. I am pleased to report that there were no difficulties or disagreements with management encountered while performing the audit of the City of Greensburg, Kentucky, financial statements as of June 30, 2010, and for the year then ended.

Consultation with Other Independent Auditors

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those financial statements, professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other independent accountants.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management of the City of Greensburg, Kentucky, while performing my audit.

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

This information is intended solely for the use of the City of Greensburg, Kentucky, and the City Council and is not intended to be and should not be used by anyone other than these specified parties.

If there are any questions concerning this letter, I will be available to discuss them with the City Council as a whole at its convenience.

Yours truly,

Robert C. Ryan

Robert C. Ryan



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February 7, 2011

**Report Local Government Economic Assistance Program
City of Greensburg, Kentucky
For the Fiscal Year Ended June 30, 2010**

To the Mayor and City Council
The City of Greensburg, Kentucky

Kentucky Revised Statutes (KRS) 42.455 defines the priority expenditures for funds received from the Local Government Economic Assistance Program (LGEAP). LGEAP is a system of grants to local governments to improve the environment for new industry and improve the quality of life for the residents.

Grants obtained under this program shall be used for priority expenditures. One hundred percent (100%) of all monies in the fund shall be spent on priority categories limited to those described in section KRS 42.455 (2). In no event shall grants obtained under this program be used for expenses related to administration of government.

The City has established a system to track the receipt and disbursement of LGEAP in order to be in compliance with KRS 42.455.

This report is intended solely for the City of Greensburg, Kentucky, management and others within the administration of the City, and the Kentucky Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Robert C. Ryan
Robert C. Ryan