CITY OF GREENSBURG, KENTUCKY

AUDIT OF THE FINANCIAL STATEMENTS

AS OF JUNE 30, 2025

AND FOR THE YEAR THEN ENDED

WITH REPORT OF INDEPENDENT AUDITOR

City of Greensburg, Kentucky
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Independent Auditors' Report

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

Opinions

We 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, of the City of Greensburg, 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 (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Greensburg, Kentucky, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Greensburg, 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.

Auditors' 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 GAAS 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 GAAS 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 Greensburg, 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 Greensburg, 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 budgetary comparison information, pension and OPEB schedules and information about infrastructure assets using the modified approach on pages 36-42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it 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.

Management has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

The List of Officials, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2026 on our consideration of the City'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'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's internal control over financial reporting and compliance.

Baldwin CPAs, PLLC

Baldwin CPAs, PLLC
Richmond, Kentucky
September 30, 2026

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

	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows			
Cash and cash equivalents	$ 779,778	$ 90,571	$ 870,349
Restricted cash	195,273	285,491	480,764
Certificates of deposit	80,841	197,157	277,998
Accounts receivable	535,857	226,383	762,240
Lease receivable	14,768	-	14,768
Internal balances, net	2,245,765	(2,245,765)	-
Other assets	65,740	-	65,740
Net OPEB asset	35,509	17,499	53,008
Capital assets			
General government	8,943,123	-	8,943,123
Water and sewer system	-	19,119,769	19,119,769
Less: accumulated depreciation	(4,569,577)	(11,147,520)	(15,717,097)
Total Assets	8,327,077	6,543,585	14,870,662
Deferred Outflows of Resources			
Related to pension	275,500	236,036	511,536
Related to OPEB	116,305	53,484	169,789
Total Deferred Outflows of Resources	391,805	289,520	681,325
Liabilities, Deferred Inflows and Net Position			
Liabilities			
Accounts payable	79,970	80,257	160,227
Accrued expenses	83,682	2,307	85,989
Customer deposits payable	-	46,264	46,264
Bonds and notes payable			
Due within one year	154,839	188,447	343,286
Due in more than one year	315,757	3,838,998	4,154,755
Compensated absences			
Due within one year	19,012	17,107	36,119
Due in more than one year	53,998	88,990	142,988
Net pension liability	944,621	887,661	1,832,282
Total Liabilities	1,651,879	5,150,031	6,801,910
Deferred Inflows of Resources			
Related to pension	147,379	180,299	327,678
Related to OPEB	382,899	176,078	558,977
Related to leases	13,678	-	13,678
Total Deferred Inflows of Resources	543,956	356,377	900,333
Net Position			
Invested in capital assets, net of related debt	3,902,950	3,962,303	7,865,253
Restricted	252,127	285,491	537,618
Unrestricted (deficit)	2,367,970	(2,921,097)	(553,127)
Total Net Position	$ 6,523,047	$ 1,326,697	$ 7,849,744

See accompanying notes to financial statements.

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

Function/Programs	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants & Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental Activities:							
General government	$ 2,503,685	$ 44,471	$ 619,115	$ 684,987	$ (1,155,112)	$ -	$ (1,155,112)
Municipal road aid	102,602	-	62,576	-	(40,026)	-	(40,026)
Total Governmental Activities	2,606,287	44,471	681,691	684,987	(1,195,138)	-	(1,195,138)
Business-Type Activities:							
Water and sewer	1,830,598	1,406,135	-	-	-	(424,463)	(424,463)
Total Business-Type Activities	1,830,598	1,406,135	-	-	-	(424,463)	(424,463)
Total City	$ 4,436,885	$ 1,450,606	$ 681,691	$ 684,987	(1,195,138)	(424,463)	(1,619,601)
General Revenues:							
Taxes					1,895,678	-	1,895,678
Fees, licenses and permits					322,592	-	322,592
Interest revenue					5,084	2,937	8,021
Miscellaneous income					34,708	-	34,708
Total General Revenues					2,258,062	2,937	2,260,999
Change in Net Position					1,062,924	(421,526)	641,398
Net Position - Beginning					5,460,123	1,748,223	7,208,346
Net Position - Ending					$ 6,523,047	$ 1,326,697	$ 7,849,744

See accompanying notes to financial statements.

City of Greensburg, Kentucky
Balance Sheet - Governmental Funds
June 30, 2025

	General Fund	Municipal Road Aid Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 779,778	$ -	$ 779,778
Restricted cash	37,271	158,002	195,273
Certificates of deposit	80,841	-	80,841
Accounts receivable	511,536	24,321	535,857
Lease receivable	14,768	-	14,768
Due from other funds	3,204,975	49,813	3,254,788
Total Assets	$ 4,629,169	$ 232,136	$ 4,861,305
Liabilities, Deferred Inflows and Fund Balances			
Liabilities			
Accounts payable	$ 79,970	$ -	$ 79,970
Accrued expenses	83,682	-	83,682
Due to other funds	991,743	17,280	1,009,023
Total Liabilities	1,155,395	17,280	1,172,675
Deferred Inflows of Resources - related to leases	13,678	-	13,678
Fund Balances			
Restricted	37,271	214,856	252,127
Unassigned	3,422,825	-	3,422,825
Total Fund Balances	3,460,096	214,856	3,674,952
Total Liabilities, Deferred Inflows and Fund Balances	$ 4,629,169	$ 232,136	$ 4,861,305

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

Total Fund Balances Per Fund Financial Statements		$ 3,674,952
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position.		4,373,546
Sinking fund deposits and other assets are long-term that are not available to pay for current expenditures and therefore are not reported in the fund financial statements.		65,740
Deferred outflows and inflows used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Deferred outflows related to pension and OPEB	391,805	
Deferred inflows related to pension and OPEB	(530,278)	(138,473)
Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position:		
Compensated absences	(73,010)	
Bonds and notes payable	(470,596)	
Net OPEB asset	35,509	
Net pension liability	(944,621)	(1,452,718)
Net Position of Governmental Activities		$ 6,523,047

City of Greensburg, Kentucky
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds
June 30, 2025

	General Fund	Municipal Road Aid Fund	Total Governmental Funds
Revenue			
Franchise fees	$ 206,333	$ -	$ 206,333
Insurance premium tax	447,982	-	447,982
Occupational tax	1,109,014	-	1,109,014
Property tax	338,682	-	338,682
Lease income	28,529	-	28,529
Licenses and permits	116,259	-	116,259
Intergovernmental programs	551,808	62,576	614,384
Charges for services	15,942	-	15,942
Grant revenues	752,294	-	752,294
Miscellaneous income	34,708	-	34,708
Total Revenue	3,601,551	62,576	3,664,127
Expenditures			
General government	2,285,651	-	2,285,651
Municipal road aid	12,870	102,602	115,472
Debt service			
Principal	153,087	-	153,087
Interest	8,532	-	8,532
Capital outlay	467,693	-	467,693
Total Expenditures	2,927,833	102,602	3,030,435
Excess of Revenues Over (Under) expenditures	673,718	(40,026)	633,692
Other Financing Sources			
Interest income	4,083	1,001	5,084
Total Other Financing Sources	4,083	1,001	5,084
Net Change in Fund Balance	677,801	(39,025)	638,776
Fund Balances July 1, 2024	2,782,295	253,881	3,036,176
Fund Balances June 30, 2025	$ 3,460,096	$ 214,856	$ 3,674,952

See accompanying notes to financial statements.

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

Net Change in Total Fund Balances Per Fund Financial Statements		$ 638,776
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures because they use current financial resources. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital asset expenditures capitalized	467,693	
Depreciation expense	(342,282)	125,411
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This is the amount related to:		
Compensated absences	5,951	
Net OPEB asset	80,437	
Net pension liability	59,263	145,651
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Debt payments	153,087	
		153,087
Change in other noncurrent assets		(1)
Change in Net Position of Governmental Activities		$ 1,062,924

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

	Water and Sewer Fund
Assets and Deferred Outflows	
Current Assets	
Cash and cash equivalents	$ 90,571
Restricted cash	285,491
Certificates of deposit	197,157
Accounts receivable	226,383
Total Current Assets	799,602
Noncurrent Assets	
Capital Assets	
Water and sewer system	19,119,769
Accumulated depreciation	(11,147,520)
Net OPEB asset	17,499
Total Noncurrent Assets	7,989,748
Total Assets	8,789,350
Deferred Outflows of Resources	289,520
Liabilities and Deferred Inflows	
Liabilities	
Current Liabilities	
Accounts payable	80,257
Accrued expenses	2,307
Customer deposits payable	46,264
Compensated absences	
Due within one year	17,107
Bonds and notes payable	
Due within one year	188,447
Total Current Liabilities	334,382
Noncurrent Liabilities	
Bonds and notes payable	
Due in more than one year	3,838,998
Compensated absences	88,990
Due to other funds	2,245,765
Net pension liability	887,661
Total Noncurrent Liabilities	7,061,414
Total Liabilities	7,395,796
Deferred Inflows of Resources	356,377
Net Position	
Invested in capital assets, net of related debt	3,962,303
Restricted	285,491
Unrestricted (deficit)	(2,921,097)
Total Net Position	$ 1,326,697

See accompanying notes to financial statements.

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

	Water & Sewer Fund
Operating Revenues	
Sewer service	$ 432,860
Water service	973,275
Total Operating Revenues	1,406,135
Operating Expenses	
Salaries and benefits	514,338
Insurance and Professional Fees	107,235
Materials and supplies	234,644
Repairs and maintenance	242,279
Utilities	231,237
Other	46,169
Total Operating Expenses	1,375,902
Operating Income Before Depreciation	30,233
Depreciation	(323,091)
Operating Loss	(292,858)
Nonoperating Revenues (Expenses)	
Interest expense	(131,605)
Interest revenue	2,937
Total Nonoperating Revenues (Expenses)	(128,668)
Change in Net Position	(421,526)
Net Position, July 1, 2024	1,748,223
Net Position, June 30, 2025	$ 1,326,697

See accompanying notes to financial statements.

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

	Water & Sewer Fund
Cash Flows From Operating Activities	
Cash receipts from customers	$ 1,407,976
Cash payments to suppliers for goods or services	(525,106)
Cash payments to employees for services	(563,759)
Net Cash Provided by Operating Activities	319,111
Cash Flows From Capital and Related Financing Activities	
Payments of principal on long-term debt	(184,576)
Interest paid on notes and bonds	(131,605)
Purchase of capital assets	(4,264)
Net Cash Used by Capital and Related Financing Activities	(320,445)
Cash Flows From Investing Activities	
Cash received for interest	2,937
Net Cash Provided by Investing Activities	2,937
Net Increase in Cash and Cash Equivalents	1,603
Cash and Cash Equivalents July 1, 2024	374,459
Cash and Cash Equivalents June 30, 2025	$ 376,062
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating Loss	$ (292,858)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	323,091
(Increase) Decrease in:	
Accounts receivable	1,841
Net OPEB asset	(3,424)
Certificates of deposit	(11,407)
Deferred outflows of resources	85,553
Increase (Decrease) in:	
Accounts payable	50,139
Customer deposits payable	(306)
Compensated absences	18,877
Accrued expenses	19
Due to other funds	301,437
Net pension liability	(39,769)
Deferred inflows of resources	(114,082)
Cash Provided by Operating Activities	$ 319,111
Cash Reconciliation:	
Cash and cash equivalents	$ 90,571
Restricted cash	285,491
Cash and Cash Equivalents June 30, 2025	$ 376,062

See accompanying notes to financial statements.

Note 1 – Summary of Significant Accounting Policies

The City of Greensburg ("City") was incorporated on 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 city council members.

The basic financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for the governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitute GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements include a statement of net position and the statement of activities. These statements display financial information about the City as a whole. The statements distinguish between governmental and business-type activities of the City. These financial statements include the financial activities of the City except for fiduciary activities. Governmental activities, which include the City's Administrative, Police, Fire, Maintenance, Paddle Trail and Community Center departments, normally are supported by taxes and intergovernmental revenues. Governmental activities includes Municipal Road Aid activity. Governmental activities are reported separately from business-type activities, which rely on fees and charges for support. The government-wide statement of activities reflects costs of government by function for governmental activities and business-type activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grant or contributions that are restricted to the program. Revenues which are not classified as program revenues are presented as general revenues of the City.

Fund Financial Statements

Fund financial statements report detailed information about the City. The accounts of the City are organized on the basis of funds each of which is considered to be a separate fiscal and accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that is comprised of its assets, liabilities, reserves, fund equity, revenues and expenditures or expenses. Funds are organized into two major categories: governmental and proprietary.

Governmental Funds are those through which most governmental functions are financed. The governmental fund measurement focus is upon determination of financial position and budgetary control over revenues and expenditures. Proprietary Funds are used to account for operations that are financed and operated in a manner similar to business enterprises – where the intent of the governing body is that costs of providing services are to be financed or recovered primarily through user charges.

The following fund types are used by the City:

Governmental Funds

General Fund – The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities, except those legally or administratively required to be

Note 1 – Summary of Significant Accounting Policies (Continued)

accounted for in other funds. Most of the essential governmental services such as police and fire protection, community services and general administration are reported in this fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally or administratively restricted to expenditures for specific purposes. The City maintains the following Special Revenue Fund:

> Municipal Road Aid – These funds are used to account for revenues and expenditures of Kentucky public safety, public works and economic development grants, liquid fuel tax, mineral and coal severance tax receipts.

Proprietary Funds

Enterprise Funds – Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The City's water and sewer facilities, which are primarily supported by user charges.

Measurement Focus and Basis of Accounting

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

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City as a whole. The government-wide statements are prepared using the economic resources measurement focus. This is the approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for individual funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

The financial transactions of the City are recorded in individual funds. Their focus is on individual funds rather than reporting funds by type. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. 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.

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. "Available" means collectible within the current period or soon enough thereafter (generally 60 days after year-end) to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred.

Note 1 – Summary of Significant Accounting Policies (Continued)

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. "Available" means collectible within the current period or soon enough thereafter (generally 60 days after year-end) to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred.

Proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, grant expenditures, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

Permits, fines and forfeits, and miscellaneous revenues (except for investment earnings) are recorded as revenues when received because they are generally not measurable until actually received. Investment earnings are recorded when earned since they are measurable and available in all funds.

Fund Balance

In fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balances of the governmental funds are classified as follows:

Non-spendable - amounts that must be maintained intact legally or contractually. Generally limited to prepaid expenses and inventory.

Restricted – amounts constrained for a specific purpose by external parties, constitutional provisions or enabling legislation. At June 30, 2025, the General Fund reports a restricted balance of $37,271, primarily for ABC regulatory and license fees. The Municipal Road Aid Fund reports a restricted balance of $214,856 at the same date, primarily designated for road construction and maintenance.

Committed – amounts constrained for a specific purpose by the City using its highest level of decision-making authority.

Assigned - for all governmental funds, other than the general fund, any remaining positive amounts not classified as non-spendable, restricted, or committed. For the general fund, amounts constrained, by intent, to be used for a specific purpose by the City or the elected City official given authority to assign amounts.

Unassigned – for the general fund, amounts not classified as non-spendable, restricted, committed or assigned. For all other government funds, amounts expended in excess of resources that are non-spendable, restricted, committed or assigned.

For resources considered to be committed, the City issues an ordinance that can be changed with another corresponding ordinance.

For resources considered to be assigned, the City has designated the Mayor to carry the intent of the City Council.

Note 1 – Summary of Significant Accounting Policies (Continued)

It is the policy of the City to spend restricted funds first when both restricted and unrestricted funds are available. Once restricted funds are spent, the City will use committed funds first, assigned funds second and unassigned funds last.

Component Units

There are no governmental component units incorporated in the basic government-wide financial statements. A component unit is a legally separate entity that is included in the primary government's financial reporting entity using the criteria of Government Standards Accounting Board Statement No. 14.

Budgeting

The City follows the procedures established pursuant to Section 91A.030 of the Kentucky Revised Statutes in establishing the budgetary data reflected in the financial statements. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles except that budgetary basis expenditures as based on cash receipts and expenditures. Budgeted amounts in the financial statements are as adopted by ordinance of the City and have been revised for amendments authorized during the year. For the year ended June 30, 2025, the general fund had a favorable budget variance of $668,918 when considering both revenue and expenses. However, actual expenditures exceeded the final budgeted expenditures in the General Fund, resulting in noncompliance with the City's legally adopted budget.

Cash and Deposits

For the purpose of the Statement of Net Position, "cash and cash equivalents" includes all demand and savings accounts of the City. For the purposes of the proprietary fund, Statement of Cash Flows, "cash and cash equivalents" include all demand, savings accounts.

Accounts Receivable

In the fund financial statements, material receivables in governmental funds include revenue accruals, such as grants, interest earnings, fees, and similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions earned, but not collected within 60 days of the end of the fiscal year, are not included in the fund financial statements in accordance with the modified accrual basis of accounting. Receivables related to interest and other investment earnings are recorded using the modified accrual basis of accounting in the same manner as non-exchange transactions.

The allowance for doubtful accounts has been established for the receivables based on an estimate of what will potentially be collected. The Utility accounts receivable are for services to customers. If a customer fails to pay within 20 days after the prior month's bill, their water service is terminated, and their deposit is applied to the unpaid bill. Any unpaid balance after applying the deposit is fully reserved. Unbilled receivables represent the water and sewer usage from the end of the last billing cycle in June through the last day of the fiscal year. Typically, the billing cycle is cut off on the 15th of the month and the usage from then until the last day of the month is not billed until the following month. Utility accounts receivable in the amount of $226,383 are included in the proprietary fund receivables.

Internal Balances

The City records interfund receivables and payables as due from other funds and due to other funds, respectively, in the fund financial statements. Those related to goods and services type transactions are

Note 1 – Summary of Significant Accounting Policies (Continued)

classified as “internal balances”. Internal balances primarily result from temporary cash flow support, operating reimbursements, and timing differences in the receipt or payment of resources between funds. Management expects all recorded interfund balances at June 30, 2025 to be repaid. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Inventories

The City does not maintain inventories for general government operations or the business – type proprietary operations. Materials and goods for the two (2) operations are purchased as needed and expensed when purchased.

Restricted Assets

Certain debt proceeds, as well as certain resources set aside for their payment, are classified as restricted assets on the balance sheet since their use is limited by applicable debt agreement. Some expenditures of the City may be paid with restricted and non-restricted resources. The City has determined that when both resources are available that they will use the restricted resources first. In addition, restricted cash in the general fund includes funds related to the ABC regulatory and license fees.

Capital Assets

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

In the government-wide financial statements, capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at the estimated fair value at the date of donation. Assets with an estimated life of greater than one year are capitalized. The City has established a threshold of $10,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized but charged to an expense account in the current year.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the asset’s estimated useful life, using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	35-50 years
Land improvements	10-15 years
Vehicles and equipment	5-10 years
Infrastructure	50 years
Utility plant assets	10-60 years

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

Note 1 – Summary of Significant Accounting Policies (Continued)

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 that extend the useful life of the original asset 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.

Compensated Absences

In the government-wide financial statements and proprietary fund types in the fund financial statements, the City recognizes a liability for leave that has not been used if the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise settled. The compensated absences liability is measured using employees' pay rates in effect at the financial statement date. The liability also includes salary-related payments. Additional information regarding the City's compensated absences liability is presented in Note 8 – Compensated Absences.

Accrued Liabilities and Long-Term Obligations

All payables accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources.

However, claims and judgments, the noncurrent portion of lease liabilities, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Estimates and Assumptions

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

Property Taxes Receivable, Property Tax Calendar and Provision for Uncollectible Real Property Taxes

Property tax (real property) rolls are prepared by the Green County Property Tax Assessors office on property assessed as of the preceding January 1. The assessments are determined in accordance with Kentucky Revised Statutes. The due date collection periods for all taxes exclusive of vehicle taxes are as follows:

Note 1 – Summary of Significant Accounting Policies (Continued)

Description	Date per KRS 134.015
• Due date for payment	Upon receipt
• 2% discount applies	To November 30
• Face value payment period	To December 31
• Past due date, 10% penalty	January 1
• Interest charges	1.0% per month at January 1

Vehicle taxes are collected by the County Clerk of Green County. Vehicle taxes are due in the birth month of the licensee.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate element, deferred outflows of resources, represents a consumption of resources of net position that applies to a future period(s) and will not be recognized as an outflow of resources until then.

The City has five items that qualify for reporting in this category. These include the City's pension and OPEB contributions made subsequent to the measurement date, differences between expected and actual experience, net difference between projected and actual investment earnings on pension plan investments, change in proportion and differences between employer contributions and proportionate share of contributions, and changes in assumptions.

In addition to liabilities, the Statement of Net Position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows include the differences between expected and actual experience, net difference between projected and actual investment earnings on pension plan investments, change in proportion and differences between employer contributions and proportionate share of contributions, and changes in assumptions. Refer to the Pension Liability, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pension in Note 11, Retirement Plan and the Post-Employment Benefits Other than Pensions (OPEB) in Note 12.

The City also reports deferred inflows related to leases receivable. Deferred inflows of resources are recorded at the initiation of each lease in an amount equal to the initial recording of the lease receivable. The deferred inflows are amortized on a straight-line basis over the term of each lease. See Note 4.

Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees' Retirement System (CERS) and additions to/deductions from CERS' 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 benefit terms.

Postemployment Benefits Other Than Pensions (OPEB):

For purposes of measuring the City's OPEB liability/(asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CERS' Insurance Fund and additions to/deductions from the Insurance Fund's fiduciary net position have been determined on the same basis as they are reported by the Insurance Fund. For this purpose,

Note 1 – Summary of Significant Accounting Policies (Continued)

the Insurance Fund recognizes benefit payments when due and payable in accordance with the benefit terms.

Recently Adopted Accounting Standard

Statement No. 101 – In June 2022, the GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The City adopted this accounting policy during the fiscal year ending June 30, 2025. The adoption had no material impact on the financial statements.

GASB Statement No. 102, Certain Risk Disclosures, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The City adopted this accounting policy during the fiscal year ending June 30, 2025. The adoption had no material impact on the financial statements.

Upcoming Accounting Standards

GASB Statement No. 103, Financial Reporting Model Improvements, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The City continues to evaluate the impact of this statement on the City's financial statements.

GASB Statement No. 104, Disclosure of Certain Capital Assets, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The City continues to evaluate the impact of this statement on the City's financial statements.

Note 2 – Cash and Deposits

Under Kentucky Revised Statute 66.480 the City is allowed to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, obligations of the Commonwealth of Kentucky and its agencies, insured savings and loans, or interest-bearing deposits of insured national or state banks. The deposits in excess of insurance coverage must be fully collateralized. At June 30, 2025, all funds of the City were substantially insured or collateralized.

The table presented below is designed to disclose the level of custodial credit risk assumed by the City, based upon how its deposits were insured or secured with collateral at June 30, 2025. The categories of credit risk are defined as follows:

1. Insured or collateralized with securities held by the government or its agent in the government's name.

2. Uninsured, but collateralized with securities held by the pledging financial institution's trust department or agent in the government's name.

Note 2 – Cash and Deposits (Continued)

3. Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the government's name, or collateralized with no written or approved collateral agreement.

	Category				
Type of Deposit	1	2	3	Total Bank Balance	Total Carrying Amount
Savings and CDs	$ 277,998	$ -	$ -	$ 277,998	$ 277,998
Demand Deposits	298,233	1,461,839	-	1,760,072	1,351,113
Total	$ 576,231	$ 1,461,839	$ -	$ 2,038,070	$ 1,629,111

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's investment policy states that unless matched to a specific cash flow need, the City's funds should not, in general, be invested in securities maturing more than one year from the date of purchase.

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations.

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 the investment or collateral securities that are in the possession of an outside party.

Note 3 – Accounts Receivable

As of June 30, 2025, the accounts receivable due the City consisted of the following:

	Governmental Activities	Business-Type Activities
AR - Utility Service Customers	$ -	$ 226,383
AR - Occupational Tax	188,622	-
AR - Emergency 911	85,047	-
AR - Intergovernmental	48,844	-
AR - Franchise Fees	36,747	-
AR - Insurance Premium Tax	101,491	-
AR - ABC Regulatory Fee	19,175	-
AR - Property Tax	5,386	-
AR - Delinquent Property Taxes	29,020	-
AR - KLEPF	24,014	-
AR - Miscellaneous	7,910	-
AR - Paddle Trail/Cabins	3,800	
AR - Occupational Tax - Net Profit	2,636	-
Allowance for Doubtful Accounts	(16,835)	-
	$ 535,857	$ 226,383

Note 4 – Lease Receivable

The City, as a lessor, has entered into a lease agreement involving building space on January 1, 2022. The lease has a term of 60 months and monthly payments of $850. The City recognizes interest and lease revenue from the lessee. Interest revenue is based on the City's incremental borrowing rate. The City recognized lease revenue under this lease of approximately $10,200 during the fiscal year. As of June 30, 2025, the value of the lease receivable and deferred inflows of resources were approximately $14,768 and $13,678, respectively.

Note 5 – Capital Assets

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

Government Activities	Beginning Balance	Additions	Deductions	Ending Balance
Land	$ 319,034	$ -	$ -	$ 319,034
Depreciable Assets:				
Buildings	3,125,303	89,522	-	3,214,825
Equipment	2,285,935	211,864	-	2,497,799
Furniture	35,547	-	-	35,547
Software	27,619	-	-	27,619
Vehicles	929,814	134,059	-	1,063,873
Streetscape	1,591,028	32,248	-	1,623,276
Connector Road	161,150	-	-	161,150
Total Depreciable Assets	8,156,396	467,693	-	8,624,089
Less: Accumulated Depreciation:				
Buildings	(1,229,539)	(83,516)	-	(1,313,055)
Equipment	(1,424,351)	(128,617)	-	(1,552,968)
Furniture	(28,846)	(1,874)	-	(30,720)
Software	(27,619)	-	-	(27,619)
Vehicles	(720,624)	(94,918)	-	(815,542)
Streetscape	(725,410)	(30,134)	-	(755,544)
Connector Road	(70,906)	(3,223)	-	(74,129)
Total Accumulated Depreciation	(4,227,295)	(342,282)	-	(4,569,577)
Governmental Activities Capital Assets - Net	$ 4,248,135	$ 125,411	$ -	$ 4,373,546

Business Activities	Beginning Balance	Additions	Deductions	Ending Balance
Land	$ 145,450	$ -	$ -	$ 145,450
Depreciable Assets:				
Buildings	77,731	-	-	77,731
Equipment	478,627	-	-	478,627
Sewer System	5,644,371	-	-	5,644,371
Vehicles	178,545	4,264	-	182,809
Water System	12,590,781	-	-	12,590,781
Total Depreciable Assets	18,970,055	4,264	-	18,974,319

Note 5 – Capital Assets (Continued)

Less: Accumulated Depreciation:				
Buildings	(77,728)	-	-	(77,728)
Equipment	(478,627)	-	-	(478,627)
Sewer System	(4,910,818)	(81,138)	-	(4,991,956)
Vehicles	(141,795)	(10,256)	-	(152,051)
Water System	(5,215,461)	(231,697)	-	(5,447,158)
Total Accumulated Depreciation	(10,824,429)	(323,091)	-	(11,147,520)
Business Type Activites Capital Assets - Net	$ 8,291,076	$ (318,827)	$ -	$ 7,972,249

Note 6 – Bonds and Notes Payable

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

		Balance	Current
Bank Loan #387557	Note Payable with bank, original issue amount of $403,321; dated November 25, 2013; secured by mortgage on real property; interest rate is 5.50%; with final maturity date November 25, 2028	$ 115,698	$ 32,026
KY Bond Corp Note	General Obligation Agreement, original issue amount $1,390,000; dated July 30, 2013; due February 1, 2029; interest rate of 3.12%; secured by personal property and City revenues	344,168	112,083
Bank Loan #7100453682	Note Payable with bank, original issue amount of $65,107; dated November 3, 2016; secured by fire truck; interest rate is 3.0%; with final maturity date November 3, 2026	4,683	4,683
Bank Loan - Skid Steer	Note Payable with bank, original issue amounts of $37,690; dated February 15, 2021; secured by a skid steer; interest rate is 3.75% with final maturity date February 15, 2026	6,047	6,047
		$ 470,596	$ 154,839

Note 6 – Bonds and Notes Payable (Continued)

Business-type Activities

		Balance	Current
KY Bond Corp Sewer Lease Agreement	Lease Agreement with KY Bond Sewer Corporation, original issue amount $1,310,000; dated November 20, 2014; due February 1, 2032; variable interest rate, secured by real property	536,667	82,083
USDA AR-1, Bond	United States Department of Agriculture (USDA) Rural Development; original issue $2,616,000 due January 1, 2054; interest rate of 2.00%; secured by Revenue Bonds	2,161,500	55,500
USDA BR-1, Bond	United States Department of Agriculture (USDA) Rural Development; original issue $455,000 due January 1, 2054; interest rate of 2.75%; secured by Revenue Bonds	393,000	8,000
USDA CR-1, Bond	United States Department of Agriculture (USDA) Rural Development; original issue $200,000 due January 1, 2054; interest rate of 2.75%; secured by Revenue Bonds	170,500	4,000
USDA RD 91-05	United States Department of Agriculture (USDA) Rural Development; original issue $450,000; dated September 19, 2011; secured by City Utility Revenues; interest rate of 4.125%; with final maturity dated January 1, 2048	347,200	9,300
KLC Note - Waterlines	Kentucky League of Cities (KLC) Morehead Pool 2007 Variable Rate Note; original issue amount of $100,000; dated February 16, 2006; unsecured note; final maturity dated for April 1, 2026	6,387	5,241
USDA RD 92-08	United States Department of Agriculture (USDA) Rural Development; original issue $450,000; dated November 10, 2011; unsecured note; interest rate of 2.25%; with final maturity date of November 2051	348,000	10,000
Bank Loan #20232266730	Bank Promissory Note; original issue amount of $89,112; dated July 19, 2023; secured by trucks; interest rate of 5.990%; with final maturity date of July 2029	64,191	14,323
		$ 4,027,445	$ 188,447

Note 6 – Bonds and Notes Payable (Continued)

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

General Government Activities	June 30, 2024	Additions	Reductions	June 30, 2025	Due within One Year
Direct Borrowings and Direct Placements:					
Notes Payable	$ 623,683	$ -	$ (153,087)	$ 470,596	$ 154,839
	$ 623,683	$ -	$ (153,087)	$ 470,596	$ 154,839

Business-type Activities	June 30, 2024	Additions	Reductions	June 30, 2025	Due within One Year
Direct Borrowings and Direct Placements:					
Bond Obligations	$ 3,504,700	$ -	$ (84,500)	$ 3,420,200	$ 86,800
Notes Payable	707,321	-	(100,076)	607,245	101,647
	$ 4,212,021	$ -	$ (184,576)	$ 4,027,445	$ 188,447

The annual debt service requirements to maturity, including principal and interest, for long-term debt of the governmental activities, as of June 30, 2025, are as follows:

	Principal	Interest	Total
2026	$ 154,839	$ 19,296	$ 174,135
2027	148,328	12,972	161,300
2028	122,593	6,718	129,311
2029	44,836	1,639	46,475
Total	$ 470,596	$ 40,625	$ 511,221

Note 6 – Bonds and Notes Payable (Continued)

The annual debt service requirements to maturity, including principal and interest, for long-term debt of the business-type activities, as of June 30, 2025, are as follows:

	Principal	Interest	Total
2026	$ 188,447	$ 107,068	$ 295,515
2027	189,405	106,109	295,514
2028	194,325	95,553	289,878
2029	202,219	89,897	292,116
2030	194,717	84,497	279,214
2031-2035	610,919	324,585	935,504
2036-2040	582,500	252,751	835,251
2041-2045	660,400	174,851	835,251
2046-2050	702,200	85,457	787,657
2051-2055	502,313	21,284	523,597
Total	$ 4,027,445	$ 1,342,052	$ 5,369,497

Note 7 – Compliance with Bond Ordinance

The USDA Rural Development requires the City to create and maintain separate funds or accounts for each USDA bond.

Depreciation – This account is to receive funds monthly from the remaining revenues of the financed system. At June 30, 2025, the account was to receive $200 each month with a reserve cap of $24,000 for Water Bond 91-05 and $150 each month with a reserve cap of $18,000 for Sewer Bond 92-08. In addition, beginning in July 2016, the City is required to fund the account with an additional $1,090 each month for RD AR-1 (#91-10), RD BR-1 (#91-12) and RD CR-1 (#91-14) with a total reserve cap for all of $172,800. 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.

Operation and Maintenance – This account is to accrue a balance equal to the anticipated requirements for a two-month period. The City is in compliance with the ordinance.

Note 8 – Compensated Absences

Employees of the City earn vacation and sick leave benefits in accordance with applicable personnel policies and employment agreements. Eligible employees may carry forward unused leave, subject to established limits. Upon separation from service, employees are paid for certain unused leave balances in accordance with the City's policies in effect at the date of separation.

Compensated absences are reported as liabilities in the government-wide financial statements and proprietary fund financial statements, as applicable.

Note 8 – Compensated Absences (Continued)

The following table summarizes changes in the City's compensated absences liability for the year ended June 30, 2025:

	Beginning balance	Net increase (decrease)	Ending balance	Due within one year
Compensated absences	$ 166,181	$ 12,926	$ 179,107	$ 36,119

The net increase or decrease represents the net effect of leave earned, used, paid, forfeited, or otherwise settled during the year.

Note 9 – Risk Management

The City of Greensburg is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In addition to its general liability insurance, the city also carries commercial insurance for all other risks of loss such as worker's compensation and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 10 – Related Party Transactions

In a governmental entity, related parties include members of the governing body (city commissioners, etc.), board members, administrative officials (mayor, city clerk, etc.) immediate family members of the preceding individuals and affiliated governmental units that are not included in the financial statements as part of the reporting entity such as water and sewer systems. There are no related party transactions to be disclosed.

Note 11 – Retirement Plan

Plan Description

The City contributes to the County Employees' Retirement System (CERS). CERS is a cost-sharing multiple-employer defined benefit pension plan that cover all regular full-time members employed in non-hazardous duty positions of any state department, board, agency, county, city, school board, and any additional eligible local agencies electing to participate. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances.

CERS was created by the Kentucky General Assembly. Benefits are fully vested immediately upon reaching 60 months of service and are established by state statutes. Benefits of CERS members are calculated on the basis of age, final average salary and service credit. CERS also provides survivor, disability and health care coverage. Authority to establish and amend benefits is provided by Kentucky Revised Statutes Section 61.645.

For the fiscal year ended June 30, 2025 the City's covered payroll for non-hazardous positions was $1,229,528 Kentucky Revised Statutes provides authority for employee and employer contributions.

Note 11 – Retirement Plan (Continued)

Employees and the City have contributed all of the required contributions for the fiscal year ending June 30, 2025. Contribution rates are as follows:

	Employee	Employer
Non-hazardous	5.0%-6.0%	19.71%

The City's contribution for the fiscal year ended June 30, 2025 amounted to $311,460, of which $242,340 was contributed by the City and $69,120 by the City's employees.

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

At June 30, 2025, the City reported a liability of $1,832,282 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2024, the City's proportion was 0.030638 percent for non-hazardous.

For the year ended June 30, 2025, the City recognized pension expense of $145,805. At June 30, 2025, the City 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
Changes in proportion and differences between employer contribution and proportionate share of contribution	$ 54,673	$ 1,253
Differences between expected and actual experience	88,686	-
Changes of assumptions	-	82,783
Net difference between projected and actual earnings on Plan investments	125,837	243,642
City's contributions subsequent to the measurement date	242,340	-
Total	$ 511,536	$ 327,678

The $242,340 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,	
2026	$ (20,296)
2027	33,353
2028	(45,286)
2029	(26,253)
Total	$ (58,482)

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial

Note 11 – Retirement Plan (Continued)

assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred.

Actuarial Methods and Assumptions

For financial reporting, the actuarial valuation as of June 30, 2024, was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability, and sensitivity information as of June 30, 2024 were based on an actuarial valuation date of June 30, 2023. The total pension liability was rolled-forward from the valuation date (June 30, 2023) to the plan's fiscal year ending June 30, 2024, using generally accepted actuarial principles. There have been no actuarial assumption or method changes since June 30, 2023. Additionally, there have been no 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 fiscal year ending June 30, 2024:

Valuation Date	June 30, 2023
Experience Study	July 1, 2018 – June 30, 2023
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of pay
Remaining Amortization Period	30 years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.50%

The mortality table used for active members was a Pub-2010 General Mortality table, for the Non-Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019.

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 28-year amortization period of the unfunded actuarial accrued liability.

Note 11 – Retirement Plan (Continued)

The discount rate determination does not use a municipal bond rate. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	Discount rate	City's proportionate share of net pension liability
1% decrease	5.50%	$ 2,362,111
Current discount rate	6.50%	$ 1,832,282
1% increase	7.50%	$ 1,392,664

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Kentucky Retirement Systems Comprehensive Annual Financial Report on the KRS website at www.kyret.ky.gov.

Note 12 – Post-Employment Benefits Other than Pensions (OPEB)

At June 30, 2025, the net OPEB liability (asset) and the related deferred outflows of resources and deferred inflows of resources are as follows:

Deferred Outflows of Resources	$	169,789
Deferred Inflows of Resources	$	558,977
Net OPEB Asset:	$	53,008
Net OPEB Liability:	$	-

Plan Description

Employees of the City are provided hospital and medical insurance through the Kentucky Retirement Systems' Insurance Fund (Insurance Fund), a cost-sharing multiple-employer defined benefit OPEB plan. The KRS was created by state statute under Kentucky Revised Statute Section 61.645. The KRS Board of Trustees is responsible for the proper operation and administration of the KRS. The KRS issues a publicly available financial report that can obtained by writing to Kentucky Retirement System, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (502) 564-4646.

Benefits provided. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. Because of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees 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.

Contributions

Contribution requirements of the participating employers are established and may be amended by the KRS Board of Trustees. The City has contractually required contribution rate for the year ended June 30, 2025 was 0% of covered payroll. Contributions to the Insurance Fund from the City were $0 for the year ended June 30, 2025. Employees that entered the plan prior to September 1, 2008 are not required to contribute to the Insurance Fund. Employees that entered the plan after September 1, 2008 are required to contribute 1% of their annual creditable compensation which is deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E).

Net OPEB Liability

For financial reporting the actuarial valuation as of June 30, 2024, was performed by Gabriel Roeder Smith (GRS). The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2024, were based on an actuarial valuation date of June 30, 2023. The total OPEB liability was rolled-forward from the valuation date (June 30, 2023) to the plan’s fiscal year ending June 30, 2024, using generally accepted actuarial principles.

Note 12 – Post-Employment Benefits Other than Pensions (OPEB) (Continued)

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

Valuation Date	June 30, 2023
Experience Study	July 1, 2018 – June 30, 2023
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of pay
Remaining Amortization Period	30 years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rate	
Pre – 65	Initial trends starting at 6.20% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
Post – 65	Initial trends starting at 9.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

The mortality table used for active members is PUB-2010 General Mortality table projected with the ultimate rate from the MP 2014 mortality improvement scale using a base year 2019. For healthy retired members and beneficiaries, the mortality table used is a 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. For disabled members, the PUB-2010 Disabled Mortality table is used with a 4-year set-forward for both male and female rates projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019.

Discount Rate

Single discount rate of 5.99% for CERS non-hazardous system was used to measure the total OPEB liability as of June 30, 2024. The single discount rate is based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.97%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected separately and were 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 was not included in the calculation of the plans actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plan trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

Note 12 – Post-Employment Benefits Other than Pensions (OPEB) (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Sensitivity of the Net OPEB Liability/(asset) to Changes in the Discount Rate

The net OPEB liability/(asset) of the City, as well as what the City's net OPEB liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower (4.99%) or one percentage point higher (6.99%) follows:

	Discount Rate	City's proportionate share of net OPEB liability/(asset)
1% decrease	4.99%	$ 71,673
Current discount rate	5.99%	$ (53,008)
1% increase	6.99%	$ (157,840)

Note 12 – Post-Employment Benefits Other than Pensions (OPEB) (Continued)

Sensitivity of the Net OPEB Liability/(asset) to Changes in the Healthcare Cost Trend Rates

The net OPEB liability/(asset) of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates follows:

Healthcare Cost Trend Rate	City's proportionate share of net OPEB liability/(asset)
1% decrease	$ (127,531)
Current healthcare rate	$ (53,008)
1% increase	$ 33,806

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

At June 30, 2025, the City reported a Net OPEB asset of $53,008 for its proportionate share of the collective net OPEB liability/(asset). The collective net OPEB asset was measured as of June 30, 2024 and the total OPEB liability used to calculate the collective net OPEB asset was determined by an actuarial valuation as of that date. The City's proportion of the collective net OPEB asset and OPEB expense was determined using the employers' actual contributions for fiscal year 2024. This method to be reflective of the employers' long-term contribution effort. At June 30, 2024, the City's proportion was 0.030644% for nonhazardous.

For the year ended June 30, 2025, the City recognized OPEB benefit of $116,552. 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
Changes in proportion and differences between employer contribution and proportionate share of contribution	$ 31,386	$ 9,537
Implicit subsidy	14,368	-
Differences between expected and actual results	29,408	417,069
Changes of assumptions	48,032	37,403
Net difference between projected and actual earnings on Plan investments	46,595	94,968
City contributions subsequent to the measurement date	-	-
Total	$ 169,789	$ 558,977

Note 12 – Post-Employment Benefits Other than Pensions (OPEB) (Continued)

The $0 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ending June 30,	
2026	$ (165,791)
2027	(125,584)
2028	(107,325)
2029	(4,857)
Total	$ (403,556)

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. Those changes in net OPEB liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.

Note 13 – Contingencies

The City is involved in various legal proceedings incidental to the normal course of business. The City Commission is of the opinion, based upon the advice of general counsel, that although the outcome of such litigation cannot be forecast with certainty, final disposition should not have a material effect on the financial position of the City.

Note 14 – Subsequent Events

On July 17, 2025, the City entered into a note payable agreement with United Citizens Bank of Southern KY in the principal amount of $120,741 with a fixed interest rate of 5.00%. The loan requires monthly payments of $2,283 beginning August 17, 2025, with an estimated final payment due July 17, 2030. The loan was obtained for repairs and maintenance of city hall and is secured by an assignment of a certificate of deposit.

Management has evaluated subsequent events through September 30, 2026, the date the financial statements were available to be issued and determined that no other subsequent events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTAL INFORMATION

City of Greensburg, Kentucky
Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - General Fund
June 30, 2025

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Taxes	$ 1,518,000	$ 1,895,678	$ 377,678
Fees, Licenses and permits	331,500	322,592	(8,908)
Grant revenue	-	752,294	752,294
Intergovernmental programs	48,600	551,808	503,208
Miscellaneous income	40,000	79,179	39,179
Total Revenue	1,938,100	3,601,551	1,663,451
Expenditures			
General government	1,584,300	2,285,651	(701,351)
Municipal road aid	50,000	12,870	37,130
Debt service	79,000	161,619	(82,619)
Capital outlay	220,000	467,693	(247,693)
Total Expenditures	1,933,300	2,927,833	(994,533)
Excess of Revenues			
Over (Under) expenditures	4,800	673,718	668,918
Other Financing Sources			
Transfer in (out)	32,000	-	(32,000)
Interest income	2,500	4,083	1,583
Total Other Financing Sources	34,500	4,083	(30,417)
Net Change in Fund Balance	39,300	677,801	638,501
Fund Balances July 1, 2024	2,041,556	2,782,295	740,739
Fund Balance June 30, 2025	$ 2,080,856	$ 3,460,096	$ 1,379,240

City of Greensburg, Kentucky
Schedule of the City's Proportionate Share of the Net Pension Liability
County Employees' Retirement System
Last Ten Fiscal Years

	Non-Hazardous									
	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025
City's proportion of the net pension liability	0.028036%	0.027430%	0.025604%	0.029059%	0.028976%	0.028817%	0.028856%	0.027862%	0.030523%	0.030638%
City's proportionate share of the net pension liability	$ 1,205,443	$ 1,350,492	$ 1,498,681	$ 1,769,782	$ 2,037,895	$ 2,210,240	$ 1,839,797	$ 2,014,149	$ 1,958,511	$ 1,832,282
City's covered payroll	$ 751,829	$ 701,228	$ 614,346	$ 768,436	$ 749,176	$ 740,528	$ 736,642	$ 790,795	$ 885,295	$ 1,033,350
City's proportionate share of the net pension liability as a percentage of its covered payroll	160.33%	192.59%	243.95%	230.31%	272.02%	298.47%	249.75%	254.70%	221.23%	177.31%
Plan fiduciary net position as a percentage of the total pension liability	59.97%	55.50%	53.50%	53.54%	50.45%	47.81%	57.33%	52.42%	57.48%	61.61%

See independent auditors' report.

City of Greensburg, Kentucky
Schedule of the City's Pension Contributions
County Employees' Retirement System
Last Ten Fiscal Years

Non-Hazardous

	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025
Contractually required contribution	$ 87,163	$ 85,701	$ 111,270	$ 121,516	$ 142,922	$ 142,172	$ 180,143	$ 207,159	$ 241,184	$ 242,340
Contributions in relation to the contractually required contribution	(87,163)	(85,701)	(111,270)	(121,516)	(142,922)	(142,172)	(180,143)	(207,159)	(241,184)	(242,340)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 701,228	$ 614,346	$ 768,436	$ 749,176	$ 740,528	$ 736,642	$ 790,795	$ 885,295	$ 1,033,350	$ 1,229,528
Contributions as a percentage of covered payroll	12.42%	13.95%	14.48%	16.22%	19.30%	19.30%	22.78%	23.40%	23.34%	19.71%
Notes to Schedule										
Valuation date	June 30, 2015	June 30, 2015	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2020	June 30, 2022
Experience study	July 1, 2008 - June 30, 2013	July 1, 2008 - June 30, 2013	July 1, 2008 - June 30, 2013	July 1, 2008 - June 30, 2013	July 1, 2008 - June 30, 2013	July 1, 2013 - June 30, 2018	July 1, 2013 - June 30, 2018	July 1, 2013 - June 30, 2018	July 1, 2013 - June 30, 2018	July 1, 2018 - June 30, 2022
Methods and assumptions used to determine contributions:										
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of pay	Level percentage of pay	Level percentage of pay	Level percentage of pay	Level percentage of pay	Level percentage of pay	Level percentage of pay	Level percentage of pay	Level percentage of pay	Level percentage of pay
Asset valuation method	Five-year smoothed market	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized
Remaining amortization period	29 year, closed	28 year, closed	28 year, closed	27 years, closed	26 years, closed	25 years, closed	30 years, closed	30 years, closed	30 years, closed	30 years, closed
Investment return	7.50%	6.75%	7.50%	7.50%	6.25%	6.25%	6.25%	6.25%	6.25%	6.50%
Payroll growth rate	4.00%	4.00%	4.00%	4.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Inflation	3.25%	3.25%	3.25%	3.25%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%
Salary increase	4.0%, average, including inflation	4.0%, average, including inflation	4.0%, average, including inflation	4.0%, average	3.30% to 11.55% varies by services	3.30% to 11.55% varies by services	3.30% to 10.30% varies by services	3.30% to 10.30% varies by services	3.30% to 10.30% varies by services	3.30% to 10.30% varies by services

Mortality

The rate of mortality for active members is based on the RP-2000 Combined Mortaility Table projected to with scale BB to 2013 (multiplied by 50% for males and 30% for females). For health retired members and beneficiaries, the mortality table is the RP-2000 Combined Mortality Table projected with scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Mortaility Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. Beginning in 2022, the retiree mortality is a 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. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

City of Greensburg, Kentucky
Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)
County Employees' Retirement System
Last Eight Fiscal Years

	Non-Hazardous							
	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025
City's proportion of the net OPEB liability (asset)	0.025604%	0.029057%	0.028968%	0.028808%	0.028849%	0.027858%	0.030522%	0.030644%
City's proportionate share of the net OPEB liability (asset)	$ 514,728	$ 515,900	$ 487,228	$ 695,625	$ 552,299	$ 549,781	$ (42,141)	$ (53,008)
City's covered payroll	$ 614,346	$ 768,436	$ 749,176	$ 740,528	$ 736,642	$ 790,795	$ 885,295	$ 1,033,350
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	83.78%	67.14%	65.04%	93.94%	74.98%	69.52%	-4.76%	-5.13%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	52.40%	57.62%	60.44%	51.67%	62.91%	60.95%	-4.80%	-5.31%

City of Greensburg, Kentucky
Schedule of the City's OPEB Contributions
County Employees' Retirement System
Last Eight Fiscal Years

	Non-Hazardous							
	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	$ 36,116	$ 39,407	$ 35,249	$ 35,064	$ 32,976	$ 43,148	$ -	$ -
Contributions in relation to the contractually required contribution	(36,116)	(39,407)	(35,249)	(35,064)	(32,976)	(43,148)	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 768,436	$ 749,176	$ 740,528	$ 736,642	$ 790,795	$ 885,295	$ 1,033,350	$ 1,229,528
Contributions as a percentage of covered payroll	4.70%	5.26%	4.76%	4.76%	4.17%	4.87%	0.00%	0.00%
Notes to Schedule								
Valuation date	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2020	June 30, 2022
Experience study	July 1, 2008 - June 30, 2013	July 1, 2008 - June 30, 2013	July 1, 2008 - June 30, 2013	July 1, 2013 - June 30, 2018	July 1, 2013 - June 30, 2018	July 1, 2013 - June 30, 2018	July 1, 2013 - June 30, 2018	July 1, 2018 - June 30, 2022
Methods and assumptions used to determine contributions:								
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage of pay	Level percentage of pay	Level percentage of pay	Level percentage of pay	Level percentage of pay	Level percentage of pay	Level percentage of pay	Level percentage of pay
Asset valuation method	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized
Amortization period	28 year, closed	27 year, closed	26 year, closed	25 year, closed	30 year, closed	30 year, closed	30 year, closed	30 year, closed
Investment return	7.50%	7.50%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%
Payroll growth rate	4.00%	4.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Inflation	3.25%	3.25%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%
Projected salary increase	4.0%, average, including inflation	4.0%, average	3.30% to 11.55%, varies by service	3.30% to 11.55%, varies by service	3.30% to 10.30%, varies by service	3.30% to 10.30%, varies by service	3.30% to 10.30%, varies by service	3.30% to 10.30%, varies by service
Healthcare trend rates (Pre 65)	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years	Initial trend starting at 7.25% at 1/1/2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years	Initial trend starting at 7.00% at 1/1/2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years	Initial trend starting at 6.25% at 1/1/2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years	Initial trend starting at 6.25% at 1/1/2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years	Initial trend starting at 6.25% at 1/1/2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years	Initial trend starting at 6.20% at 1/1/2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years
Healthcare trend rates (Post - 65)	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years	Initial trend starting at 5.10% art 1/1/2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years	Initial trend starting at 5.00% art 1/1/2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years	Initial trend starting at 5.50% art 1/1/2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years	Initial trend starting at 5.50% art 1/1/2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years	Initial trend starting at 5.50% art 1/1/2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years	Initial trend starting at 9.00% at 1/1/2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years

Mortality

RP-2000 Combined Mortality, project to 2013 with Scale BB (set back 1 year for females). Beginning in 2022, the retiree mortality is a 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. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

Phased-in Provision

Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

Note: This is a 10 year schedule. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Information about Infrastructure Assets Reported Using the Modified Approach

As allowed by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the City has adopted an alternative method for reporting costs associated with certain infrastructure assets. Under this alternative method, referred to as the "modified approach," infrastructure assets are not depreciated, and maintenance and preservation costs are expensed. The City capitalizes costs related to new construction, major replacements, and improvements that increase the capacity and/or efficiency of infrastructure assets reported under the modified approach.

In order to use the modified approach, the City is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the City.
- Document that the infrastructure assets are being preserved approximately at or above the condition level established by the City.

A governmental entity that uses the modified approach has to document that it has performed a completed condition assessment of the assets at least once every three years. The City completed a condition assessment as of June 30, 2023, and for the year then ended. That assessment is reported in these financial statements as of June 30, 2025, and for the year then ended.

Roads

The City applies the modified approach only to the eleven (11) street-miles of roads that are owned by the City and maintained by the City's Streets Department. The goal of the City in conjunction with adopting the modified approach is to develop and provide a cost-effective pavement maintenance and rehabilitation program that preserves the City's investment in its road network and enhances public transportation and safety.

Measurement Scale

The condition of road pavement is measured using the City Pavement Measurement System. This system uses a measurement scale that considers the condition of the highways and roads as denoted by a Pavement Condition Index (PCI), ranging from 0 to 100. The PCI is used to classify roads into categories as follows:

Category	PCI Rating Range	Description
Very Good	94 – 100	New or nearly new pavement which provides a very smooth ride and is mainly free of distress. (No maintenance work needed.)
Good	76 – 93	Pavement which provides an adequate ride and exhibits few, if any, visible signs of distress. (Minor maintenance may be needed.)
Fair	64 - 75	Surface defects such as cracking, rutting, and raveling are affecting the ride. (Major maintenance is likely needed.)
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 2023. No City streets were assessed as "poor" or "very poor". Prior to 2013, the City did not use an asset management system. Therefore, no meaningful comparison of the condition of the City's roads prior to 2013 is available.

Category	2023
Very Good	70%
Good	25%
Fair	5%

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

	Expenditures	Budgeted
2021	$ 10,557	$ 50,000
2022	$ 20,482	$ 50,000
2023	$ 18,434	$ 50,000
2024	$ 4,111	$ 40,000
2025	$ 12,870	$ 50,000

City of Greensburg, Kentucky
List of Officials

City Hall
110 West
Court St.
Greensburg,
KY 42743

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

City Council meetings held 3rd Monday of each month at 5:00 PM (CST)

City of Greensburg Officials

Title	Name	Term Expires
Mayor	John Shuffett	December 31, 2026
Council Member	Jerry Cowherd	December 31, 2026
Council Member	Julie Smyrichinsky	December 31, 2026
Council Member	Alex Taylor	December 31, 2026
Council Member	Ed Gorin	December 31, 2026
Council Member	Mark Judd	December 31, 2026
Council Member	Chris Borders	December 31, 2026
City Clerk	Kimberly Darnell	
Police Chief	Josh Judd	
Fire Chief	Steve Gupton	
Public Works Director	Edward Price	
Water Plant Chief Operator	Jackie Cox	
Waste Water Plant Chief Operator	Danny Bush	
E 911 Coordinator	Sammy Scott	

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Independent Auditors' 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 Mayor and City Council
City of Greensburg, Kentucky

We have audited, 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, the financial statements of the governmental activities, the business-type activities and each major fund the City of Greensburg, 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 Greensburg, Kentucky's basic financial statements and have issued our report thereon dated September 30, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control that we consider to be a material weakness, described as item 2025-1.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as items 2025-2 and 2025-3.

City's Response to Finding

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

Purpose of this Report

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

Baldwin CPAs, PLLC
Baldwin CPAs, PLLC
Richmond, Kentucky
September 30, 2026

City of Greensburg, Kentucky
Schedule of Findings and Responses
June 30, 2025

A. Summary of Auditors' Results

Financial Statements:

1. The auditors' report expresses an unmodified opinion on whether the City of Greensburg's financial statements were prepared in accordance with accounting principles generally accepted in the United States of America.

2. One material weakness in internal control over financial reporting was identified during the audit of the financial statements.

3. Two instances of material noncompliance to the financial statements of the City of Greensburg, Kentucky, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

B. Financial Statement Findings

Material Weakness

2025-1 Material Weakness – Audit Adjustments

Condition: During our audit, we proposed material adjustments to accounts receivable and related revenues, and to accounts payable and related expenditures. Management reviewed and recorded these adjustments.

Criteria: Management is responsible for designing and maintaining internal controls over period-end financial reporting. These controls should enable the City to identify and record the year-end entries needed for its financial records to be presented in accordance with generally accepted accounting principles.

Cause: The City's year-end closing process did not include sufficient review and analysis to identify receivables and payables that should be recorded at year-end. As a result, the City's accounting records were materially misstated before the audit.

Effect: Without the auditor-identified adjustments, the City's financial statements would have been materially misstated. The City relied on the auditor to identify these adjustments. Management reviewed, approved, and accepted responsibility for them, as the auditor cannot be part of the City's internal control.

Recommendation: We recommend that management strengthen its year-end closing process before the audit begins. That process should include a review of cash received after year-end to identify revenues earned but not yet recorded, a review of invoices paid after year-end to identify unrecorded liabilities, and an analytical review of year-end balances compared with the prior year and the budget. These procedures should help the City detect and correct errors before the audit.

Views of Responsible Officials and Planned Corrective Actions: Management understands and agrees with the auditor's finding and will improve its year-end financial reporting process.

Material Noncompliance

2025-2 Violation of KRS 91A.040 – Annual City Audits

Condition: We noted the City's audited financial statements for year ended June 30, 2025, were not completed and filed by the required reporting due date.

Criteria: KRS 91A.040 requires each city, after the close of each fiscal year, to be audited by the Auditor of Public Accounts or a certified public accountant. The audit shall be completed by March 1 immediately following the fiscal year being audited. The city shall forward an electronic copy of the audit report to the Department for Local Government for information purposes by no later than April 1 immediately following the fiscal year being audited.

Cause: The City did not have adequate policies and procedures in place to ensure compliance with state laws and regulations.

Effect: The City was not in compliance with KRS 91A.040. As a consequence, the State may withhold with certain funds and payments to the City.

Recommendation: The City should implement corrective action to adhere to state laws and regulations.

Views of Responsible Officials and Planned Corrective Actions: Management understands and agrees with the auditor's finding and the need to improve timely financial reporting.

2025-3 Violation of KRS 91A.030 – Annual Budget

Condition: General Fund expenditures for the year ended June 30, 2025, exceeded budgeted appropriations by $994,533. The City did not amend its budget to authorize these expenditures.

Criteria: KRS 91A.030 requires each city to adopt an annual budget ordinance and prohibits the expenditure of funds in excess of the amounts appropriated in that ordinance. When expenditures are expected to exceed appropriations, the City Council must amend the budget ordinance before the funds are spent.

Cause: The City Council discussed amending the budget during the year but did not formally adopt a budget amendment ordinance. As a result, expenditures for unbudgeted projects and other costs were incurred without the required amendment.

Effect: The City was not in compliance with KRS 91A.030. Expenditures were made without the City Council's formal authorization, which limits the Council's ability to control the use of public funds.

Recommendation: The City should monitor budget-to-actual results throughout the year. When a budget amendment is needed, the City should ensure it is formally adopted by ordinance before expenditures exceed appropriations.

Views of Responsible Officials and Planned Corrective Actions:	Management understands and agrees with the auditor's finding. The City will monitor the budget and ensure that amendments are formally adopted by ordinance as needed.