City of Campbellsburg

Audited Financial Statements and

Required Supplementary Information

June 30, 2025

Jones & Associates CPAs, PSC

Certified Public Accountants

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To the Mayor and City Council of
City of Campbellsburg, Kentucky

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Campbellsburg, 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 Campbellsburg, Kentucky's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Campbellsburg, Kentucky as of June 30, 2025, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Campbellsburg, 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 opinion.

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 Campbellsburg, 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.

To the Mayor and City Council of
City of Campbellsburg, Kentucky
Independent Auditor's Report
(Continued)

Report on the Audit of the Financial Statements *(Continued)*

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Campbellsburg, 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 Campbellsburg, 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 schedules related to budgetary comparison and pension and other postemployment benefits, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the

basic financial statements in an appropriate operational, economic, or historical context. We have applied
Report on the Audit of the Financial Statements *(Continued)*

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2026, on our consideration of the City of Campbellsburg, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Campbellsburg, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Campbellsburg, Kentucky's internal control over financial reporting and compliance.

Respectfully submitted,

Jones & Associates CPAs, PSC

Jones & Associates CPAs, PSC
Certified Public Accountants
Lexington, Kentucky

August 12, 2026

Financial Statements

Government-wide Financial Statements

City of Campbellsburg
Statement of Net Position
June 30, 2025

Assets and deferred outflows of resources	
Assets	
Current assets	
Cash and cash equivalents	$ 366,380
Restricted cash and cash equivalents	102,213
Accounts receivable	91,729
Investments	31,006
Prepaid expenses	16,865
Total current assets	$ 608,193
Noncurrent assets	
Capital assets, net	$ 1,543,142
Net other postemployment benefits asset	6,615
Total noncurrent assets	$ 1,549,757
Total assets	$ 2,157,950
Deferred outflows of resources	
Pension	$ 85,714
Other postemployment benefits	32,046
Total deferred outflows of resources	$ 117,760
Total assets and deferred outflows of resources	$ 2,275,710
Liabilities, deferred inflows of resources, and net position	
Liabilities	
Current liabilities	
Accounts payable	$ 28,028
Payroll related liabilities	12,245
Interest payable	1,581
Long-term debt, current	23,501
Total current liabilities	$ 65,355
Noncurrent liabilities	
Long-term debt, noncurrent	$ 583,716
Net pension liability	228,452
Total noncurrent liabilities	$ 812,168
Total liabilities	$ 877,523

City of Campbellsburg
Statement of Net Position
June 30, 2025
(Continued)

Liabilities, deferred inflows of resources, and net position *(Continued)*		
Deferred inflows of resources		
Pension	$	25,010
Other postemployment benefits		63,219
Total deferred inflows of resources	$	88,229
Net position		
Net investment in capital assets	$	935,925
Restricted		
Municipal road aid		61,224
Unrestricted		312,809
Total net position	$	1,309,958
Total liabilities, deferred inflows of resources, and net position	$	2,275,710

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

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

Primary government	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contri-butions	Program Revenues: Capital Grants and Contri-butions	Net (Expenses) Revenues and Changes in Net Position
Governmental activities					
General government	$ 437,431	$	$	$	$ (437,431)
Streets and maintenance	90,214		14,285		(75,929)
Sanitation	78,426	67,267			(11,159)
Protection to persons and property	45,204				(45,204)
Recreation and culture	41,867	9,182			(32,685)
Total governmental activities	$ 693,142	$ 76,449	$ 14,285	$	$ (602,408)
Total primary government	$ 693,142	$ 76,449	$ 14,285	$	$ (602,408)
General revenues					
Taxes					
Insurance premium taxes					$ 332,315
Property taxes					117,518
Franchise taxes					40,143
Other taxes					14,816
Licenses					4,675
Miscellaneous					16,728
Total general revenues					$ 526,195
Change in net position					$ (76,213)
Net position - Beginning (Restated)					1,386,171
Net position - Ending					$ 1,309,958

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

Fund Financial Statements

City of Campbellsburg
Balance Sheet - Governmental Funds
June 30, 2025

	General Fund	Municipal Road Aid Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 366,380	$	$ 366,380
Restricted cash and cash equivalents	40,989	61,224	102,213
Accounts receivable	87,936		87,936
Investments	31,006		31,006
Prepaid expenses	16,865		16,865
Total assets	$ 543,176	$ 61,224	$ 604,400
Liabilities and fund balances			
Liabilities			
Accounts payable	$ 28,028	$	$ 28,028
Payroll related liabilities	12,245		12,245
Total liabilities	$ 40,273	$	$ 40,273
Fund balances			
Assigned	$ 32,372	$	$ 32,372
Committed	8,617		8,617
Restricted		61,224	61,224
Unassigned	461,914		461,914
Total fund balances	$ 502,903	$ 61,224	$ 564,127
Total liabilities and fund balances	$ 543,176	$ 61,224	$ 604,400

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

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

	General Fund	Municipal Road Aid Fund	Total Governmental Funds
Revenues			
Taxes	$ 504,131	$	$ 504,131
Intergovernmental	7,954	19,596	27,550
Licenses and permits	4,675		4,675
Charges for services	9,182		9,182
Sanitation	67,267		67,267
Miscellaneous	5,562	85	5,647
Total revenues	$ 598,771	$ 19,681	$ 618,452
Expenditures			
General government	$ 378,639	$	$ 378,639
Streets and maintenance	56,311		56,311
Sanitation	78,426		78,426
Protection to persons and property	41,335		41,335
Recreation and culture	34,367		34,367
Debt service	30,184		30,184
Capital outlay	39,650		39,650
Total expenditures	$ 658,912	$	$ 658,912
Excess (deficiency) of revenues over expenditures	$ (60,141)	$ 19,681	$ (40,460)
Other Financing Sources			
Proceeds from debt	$ 21,085	$	$ 21,085
Total other financing sources	$ 21,085	$	$ 21,085
Net change in fund balances	$ (39,056)	$ 19,681	$ (19,375)
Fund balances - Beginning	541,959	41,543	583,502
Fund balances - Ending	$ 502,903	$ 61,224	$ 564,127

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

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

Net change in fund balances - Total governmental funds	$	(19,375)
Governmental funds report capital outlay as expenditures but in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as		
Depreciation and		(79,137)
Capital assets.		39,650
Pension and other postemployment contributions are recognized as expenditures in the governmental funds. However, pension and other postemployment benefits expense in the Statement of Activities is primarily the result of changes in the components of the net pension and net other postemployment benefits liability over the current and future periods		
Pension and		(28,275)
Other postemployment benefits.		12,301
Revenue for delinquent property taxes is recorded in the Statement of Activities. However, these funds were not received within sixty days of year end and, accordingly, are not included in the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds.		(1,523)
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when paid.		(464)
Proceeds from new debt is recognized as an other financing souce in the governmental funds. However, these funds increase the principal on the Statement of Net Position.		(21,086)
Payments for long-term debt are recognized as expenditures in the governmental funds. However, these are not recognized in the Statement of Activities and are instead a reduction of debt principal on the Statement of Net Position.		21,696
Change in net position of governmental activities	$	(76,213)

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

City of Campbellsburg
Reconciliation of Fund Balances - Governmental Funds
to Net Position of Governmental Activities
June 30, 2025

Fund balances - Governmental funds	$	564,127
Amounts reported for governmental activities in the Statement of Net Position are different because		
Assets		
Capital assets and infrastructure assets used in governmental activities are not financial resources and, therefore, are not reported in the funds;		1,543,142
Deferred outflows of resources related to pensions are not recognized in the governmental funds;		85,714
Deferred outflows of resources related to other postemployment benefits are not recognized in the governmental funds;		32,046
Delinquent property tax receivable is not recognized as an asset in the governmental funds, and		
Net other postemployment benefits are not recognized in the governmental funds;		6,615
Liabilities		
Debt is not recognized in the governmental funds;		(607,217)
Accrued interest is not recognized in the governmental funds;		(1,581)
Net pension liability is not recognized in the governmental funds;		(228,452)
Deferred inflows of resources related to pensions are not recognized in the governmental funds; and		(25,010)
Deferred inflows of resources related to other postemployment benefits are not recognized in the governmental funds.		(63,219)
Net position of governmental activities	$	1,306,165

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

Note 1. Summary of Significant Accounting Policies

Nature of Operations

The City of Campbellsburg, Kentucky (City), is classified as a home rule city of the Commonwealth of Kentucky. The City, located in Henry County, operates under a Mayor-Council form of government as authorized by its charter and derives the majority of its income from taxes.

The accounting policies of the City conform to generally accepted accounting principles (GAAP), as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by GASB. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility including, but not limited to, selection of the governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon these criteria, the City has no component units to report.

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. Governmental activities are normally supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses (including depreciation) are those that are clearly identifiable with a specific function or segment. Program revenues are directly associated with the function or segment and include charges for services and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants are capital specific. Taxes and other items not identifiable with a program are reported as general revenues.

Amounts paid to acquire fixed assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities, including noncurrent assets as well as noncurrent liabilities, are included in the Statement of Net Position. Revenues

Note 1. Summary of Significant Accounting Policies *(Continued)*

Measurement Focus, Basis of Accounting, and Financial Statement Presentation *(Continued)*

are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting, except debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major Governmental Funds:

- General Fund: is reported as the primary fund of the City. This fund is used to account for all financial resources not reported in other funds and
- Municipal Road Aid Fund: a special revenue fund that accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for streets and roads within the City.

The City reports no non-major funds.

Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between fund balances in the governmental funds and the net position reported in the government-wide statements. These adjustments reflect the changes necessary to report the governmental fund balances on the economic resources measurement focus and the accrual basis of accounting. In addition, capital assets, long-term debt, deferred inflows, deferred outflows, net pension liability, and postemployment benefits are added to the governmental funds to compile the long-term view of the governmental activities column.

The focus of governmental fund measurement (in the fund financial statements) is on the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. The Balance Sheet contains only current assets and liabilities. The reported fund balance (net current assets) is a measure of available spendable resources.

A similar reconciliation is included for the Statement of Revenues, Expenditures, and Changes in Fund Balances for the governmental funds. These adjustments reflect the transition from the modified accrual basis of accounting for governmental fund financial statements to the accrual basis of accounting for the government-wide statements. Capital outlay is replaced with depreciation expense.

Note 1. Summary of Significant Accounting Policies *(Continued)*

Assets, Liabilities, Deferred Inflows and Outflows, and Fund Balance and Net Position

A. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an initial maturity date within 3 months or less of the date acquired by the City. Investments of the City consist of certificates of deposit, which are stated at cost plus accumulated earnings.

B. Accounts Receivable

Accounts receivable consists of property and other taxes as well as amounts due from other governmental entities. Since management considers all of these receivables to be collectible at year-end, no provision has been made for uncollectible accounts.

C. Capital Assets and Depreciation

The City's capital assets with useful lives of more than 1 year are stated at historical cost or estimated historical cost and reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Donated assets are stated at fair value on the date donated. The City capitalizes assets with costs of $1,500 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend its useful life are not capitalized. Capital assets are depreciated using the straight-line method over the estimated useful life of the asset. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations. All reported capital assets are depreciated with the exception of land and construction in progress. The City provides for depreciation and obsolescence of such assets by annual charges to expense. The following expected useful lives are used:

Building and improvements	10 – 40 years
Infrastructure	15 – 40 years
Machinery and equipment	5 – 15 years

D. Property Tax

Taxes are levied on October 1 and are due and payable on or before December 31. All unpaid taxes become delinquent January 1 of the following year and attach as an enforceable lien on property as of each April 15. No allowance for delinquent taxes is established due to the immateriality of uncollectible taxes.

The constitution of the Commonwealth of Kentucky sets absolute tax rates on the value of taxable property based on the population of the City. For the year ended June 30, 2025, the City had a tax rate of $0.182 per $100 for real estate, $0.238 per $100 for tangible property, and $0.242 per $100 for motor vehicles.

E. Compensated Absences

Full-time employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. A liability is accrued for vacation benefits when it is earned and becomes payable to employees. In accordance with this policy, the City accrued a liability in the government-wide financial

Note 1. Summary of Significant Accounting Policies *(Continued)*

Assets, Liabilities, Deferred Inflows and Outflows, and Fund Balance and Net Position *(Continued)*

E. Compensated Absences *(Continued)*

statements for vacation benefits earned but not taken by employees. For governmental funds, the liability is considered current because all vacation benefits could be used in the current year. Upon termination, accumulated vacation will be paid to the employee.

It is the City's policy to permit its employees to accumulate earned but unused sick pay benefits. These benefits are not paid to employees who are terminated. However, employees who retire from the City may be eligible to receive payment for a portion of these benefits. No liability is recognized for unpaid accumulated sick pay benefits because the amount is not readily determinable until it becomes due to the employee. These benefits may be subject to employer contribution requirements as determined by the County Employees Retirement System (CERS).

F. Long-Term Obligations

The accounting treatment of long-term debt depends on whether they are reported in the government-wide or fund financial statements. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures.

G. Fund Balance and Net Position

Government-wide Financial Statements

Net position is classified as follows:

- Net investment in capital assets: Consists of capital assets including restricted balances, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets;
- Restricted: Consists of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation; and
- Unrestricted: Consists of all other net position that does not meet the definition of restricted or net investment in capital assets.

When both restricted and unrestricted resources are available for use, it is the City's policy to use the most restricted resources before using unrestricted resources.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

Note 1. Summary of Significant Accounting Policies *(Continued)*

Assets, Liabilities, Deferred Inflows and Outflows, and Fund Balance and Net Position *(Continued)*

G. Fund Balance and Net Position *(Continued)*

- Non-spendable: Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted: Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed: Amounts constrained to specific purposes determined by a formal action of the City. The City must take the action to remove or change the constraint;
- Assigned: Amounts the City intends to use for a specific purpose (such as encumbrances); intent can be expressed by the City Council or by an official or body to which the City delegates the authority; and
- Unassigned: Amounts that are available for any purpose.

When restricted, committed, assigned, and unrestricted resources are available for use, it is the City's policy to use the most restricted resources before using unrestricted resources.

H. 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. Deferred Outflows of Resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has items related to pensions and other postemployment benefits included in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for Deferred Inflows of Resources. Deferred Inflows of Resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue/receipt or reduction of expense/expenditure) until that time. The City has items related to pensions and other postemployment benefits included in this category.

I. Pension

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

J. Other Postemployment Benefits

For purposes of measuring the net other postemployment benefits (OPEB) asset, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of CERS Insurance Fund (Insurance Fund) and additions to or 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, the Insurance Fund recognizes benefit payments when due and payable in accordance with the benefit terms.

Note 1. Summary of Significant Accounting Policies *(Continued)*

Assets, Liabilities, Deferred Inflows and Outflows, and Fund Balance and Net Position *(Continued)*

K. Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for governmental activities. In the fund financial statements, governmental fund expenditures are classified by character as current expenditures and capital outlay expenditures. Governmental funds report expenditures of financial resources.

L. Interfund Transactions

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Budgeting

The City follows the procedures established by the Department for Local Government pursuant to Kentucky Revised Statutes (KRS) Section 91A.030 in establishing the budget.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 amount of revenues and expenses during the reported period. Actual results could differ from those estimates.

Note 2. Risk Management

The City is exposed to various forms of loss associated with the risks of fire, personal liability, theft, vehicular accidents, and errors and omission, etc. Each of these risk areas is covered through participation in a public entity risk pool with the exception of the errors and omissions bond, which is covered through the purchase of commercial insurance. The City retains no risk of loss through participation in the risk pool. For insured programs, there have been no significant reductions in insurance coverage, nor have settlement amounts exceeded insurance coverage for the current year or 3 years prior. The City has purchased certain policies that are retrospectively rated which include worker's compensation insurance.

Note 3. Compensated Absences

The City accrued $8,020 for compensated absences as of June 30, 2025. This amount consists of vacation benefits due to employees as of that date.

Note 4. Deposits and Investments

Deposits

The City maintains deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS. According to KRS Section 41.240(4), the depository

Note 4. Deposits and Investments *(Continued)*

Deposits *(Continued)*

institution should pledge or provide sufficient collateral which, together with FDIC insurance, always equals or exceeds the amount of public funds on deposit.

A. Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a depository institution's failure, the City's deposits may not be returned. The City does not have a formal deposit policy for custodial credit risk but rather follows the requirements of KRS Section 41.240(4). At June 30, 2025, the City's deposits were fully collateralized by FDIC insurance and securities pledged by financial institutions in the amount of $499,841.

B. Restricted Cash and Cash Equivalents

Restricted cash consists of the following:

Municipal road aid	$	61,224
Volunteer fire department		32,372
Community center		3,607
Health savings		5,010
Total restricted cash	$	102,213

The municipal road aid account is for the allocation of funds from the state which are for design, right-of-way acquisitions, relocation of utilities, construction, and other municipal road expenditures. The volunteer fire department account is used to accumulate funds to support the volunteer fire department when the need may arise. The community center funds are for repairs and maintenance to the Community Center. The health savings account is for payment of employee benefits.

Investments

KRS authorizes local governmental units to invest in obligations of the United States and its agencies, obligations of the Commonwealth of Kentucky and its agencies, shares in savings and loan associations insured by federal agencies, deposits in national or state-chartered banks insured by federal agencies, and larger amounts in such institutions providing such banks pledge as security obligations of the United States government or its agencies. Investing is performed in accordance with these statutes. The City held $31,007 in certificates of deposit at June 30, 2025, all of which will mature within 1 year and are categorized as current investments.

Note 5. Fund Balances

The following is a summary of the Governmental Fund balances of the City at June 30, 2025:

Restricted				
Municipal road aid	$	61,224	$	61,224
Assigned				
Volunteer fire department	$	32,372		32,372
Committed				
Community center	$	3,607		
Health savings		5,010		8,617
Unassigned				461,914
Total			$	564,127

Note 6. County Employees Retirement System Plan

General Information

The City is a participating employer of CERS. Under the provisions of KRS Section 61.645, CERS Board of Trustees (Board) of the Kentucky Public Pensions Authority (KPPA) administers CERS. The KPPA issues publicly available financial statements which may be downloaded from the KPPA website.

Plan Description

CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate. CERS provides plan members with benefits through a pension trust and an insurance trust. The pension trust provides retirement, disability, and death benefits. The insurance trust provides health insurance or OPEB. Benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living adjustments (COLA) are provided at the discretion of the State Legislature.

Contributions

For the year ended June 30, 2025, CERS members were required to contribute 5% of wages for non-hazardous job classifications. Employees hired after September 1, 2008 are required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were required to contribute at an actuarially determined rate. Per KRS Section 61.565(3), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding July 1 of a new biennium. The Board may amend contribution rates as of July 1 of the second year of a new biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with the actuarial basis adopted by the Board. For the year ended June 30, 2025, participating employers contributed 19.71% to the pension fund of each non-hazardous employee's wages, which is equal to the actuarially determined rate set by the Board. Administrative costs of CERS are financed through employer contributions and investment earnings.

Note 6. County Employees Retirement System Plan *(Continued)*

Contributions *(Continued)*

Plan members who began participating on, or after, January 1, 2014 are required to contribute to the Cash Balance Plan (Plan). The Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the Plan contribute a set percentage of their salary each month to their own account. Plan members contribute 5% of wages to their own account for non-hazardous job classifications. All members contribute 1% to the health insurance fund. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of each member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. For non-hazardous members, their account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution. For the year ended June 30, 2025, the City contributed $25,994 for non-hazardous job classifications, or 100% of the required contributions. The contributions were allocated $25,994 for non-hazardous employees to the pension fund. The City was not required to allocate any contributions for non-hazardous employees to the insurance fund.

Benefits

CERS provides retirement, health insurance, death, and disability benefits to Plan employees and beneficiaries. Employees are vested in the Plan after 5 years' service. For retirement purposes, employees are grouped into 3 tiers based on hire date:

	Participation Date	Unreduced Benefit	Reduced Benefit
Tier 1	Before September 1, 2008	27 years of service or 65 years old and 4 years of service	At least 5 years of service and 55 years old or 25 years of service and any age
Tier 2	After September 1, 2008 but before December 31, 2013	At least 5 years of service and 65 years old or age 57+ and sum of service years plus age equal to 87+	At least 10 years of service and 60 years old
Tier 3	After December 31, 2013	At least 5 years of service and 65 years old or age 57+ and sum of service years plus age equal to 87+	Not available

For OPEB purposes, employees are grouped into 3 tiers based on hire date:

Note 6. County Employees Retirement System Plan *(Continued)*

Benefits *(Continued)*

	Participation Date	Insurance Eligibility	Benefit
Tier 1	Before July 1, 2003	10 years of service credit required	Set percentage of single coverage health insurance based on service credit accrued at retirement
	After July 1, 2003 but before September 1, 2008	10 years of service credit required	Set dollar amount based on service credit accrued, increased annually
Tier 2	After September 1, 2008 but before December 31, 2013	15 years of service credit required	Set dollar amount based on service credit accrued, increased annually
Tier 3	After December 31, 2013	15 years of service credit required	Set dollar amount based on service credit accrued, increased annually

COLA are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest 5 years of earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are provided in 1 lump sum payment of $5,000. Five years of service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit or $10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years of service is required for non-service-related disability benefits.

Pension Liabilities, Expense, and Deferred Outflows and Inflows of Resources

At June 30, 2025, the City reported a liability for its proportionate share of the net pension liability of $228,452. 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 and rolled forward using generally accepted actuarial procedures. 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 0.003820%, which was an increase of 0.000752% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the City recognized pension expense of $28,275 for non-hazardous classifications. At June 30, 2025, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

Note 6. County Employees Retirement System Plan *(Continued)*

Pension Liabilities, Expense, and Deferred Outflows and Inflows of Resources *(Continued)*

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 11,058	$
Change in assumptions		10,322
Net difference between projected and actual earnings on investments		14,688
Changes in proportion and difference between employer contributions and proportionate share of contributions	48,662	
Contributions subsequent to the measurement date	25,994	
Total	$ 85,714	$ 25,010

The $25,994 of deferred outflows of resources, resulting from the City's contributions subsequent to the measurement date as of June 30, 2025, 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 Ended June 30,	
2026	$ 27,495
2027	16,135
2028	(5,646)
2029	(3,274)

OPEB Assets, Expense, and Deferred Outflows and Inflows of Resources

At June 30, 2025, the City reported an asset for its proportionate share of the net OPEB asset of $6,615. The net OPEB asset was measured as of June 30, 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date and rolled forward using generally accepted actuarial procedures. The City's proportion of the net OPEB asset was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2024, the City's proportion was 0.003824% for non-hazardous classifications, which was an increase of 0.000756% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the City recognized a $12,301 reduction of OPEB expense for non-hazardous classifications. At June 30, 2025, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

Note 6. County Employees Retirement System Plan *(Continued)*

OPEB Assets, Expense, and Deferred Outflows and Inflows of Resources *(Continued)*

		Deferred Outflows of Resources		Deferred Inflows of Resources
Difference between expected and actual experience	$	3,670	$	52,045
Change in assumptions		5,994		4,667
Net difference between projected and actual earnings on OPEB plan investments				6,036
Changes in proportion and difference between employer contributions and proportionate share of contributions		20,589		471
Contributions subsequent to the measurement date		1,793		
Total	$	32,046	$	63,219

The $1,793 of deferred outflows of resources, resulting from the City's contributions subsequent to the measurement date as of June 30, 2025, will be recognized as a reduction of the net OPEB asset in the year ending June 30, 2026. This is an adjustment of $1,793 related to the implicit subsidy, which is required to be recognized as a deferred outflow of resources. Other amounts reported as deferred outflows and inflows of resources will be recognized as a reduction of OPEB Expense as follows:

Year Ended June 30,		
2026	$	(15,110)
2027		(10,088)
2028		(8,783)
2029		1,015

Actuarial Assumptions

The total pension liabilities and OPEB assets in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.3% to 10.3%, varies by service, including inflation
Investment rate of return	6.50%, net of Plan investment expense, including inflation
Healthcare trend	
Pre-65	Initial trend starting at 6.8% on January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Post-65	Initial trend starting at 8.5% in 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years

Mortality rates were based on the Pub-2010 General Mortality Table projected with the ultimate rates from the MP-2014 Mortality Improvement Scale using a base year of 2010. The Mortality Table used for healthy

Note 6. County Employees Retirement System Plan *(Continued)*

Actuarial Assumptions *(Continued)*

retired members was a system-specific mortality table based on mortality experience from 2013 through 2022, projected with the ultimate rates from MP-2020 Mortality Improvement Scale using a base year of 2023. The Mortality Table used for disabled members was PUB-2010 Disabled Mortality Table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from MP-2020 Mortality Improvement Scale using a base year of 2010.

The actuarial assumption used in the June 30, 2024 valuation was based on the results of an actuarial experience study conducted as of June 30, 2023. The total pension and OPEB liabilities were rolled-forward from the valuation date (June 30, 2023) to the Plan's fiscal year ending June 30, 2024.

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

Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Equity		**60.00%**
Public equity	4.15%	50.00%
Private equity	9.10%	10.00%
Fixed income		**20.00%**
Core fixed income	2.85%	10.00%
Specialty credit	3.82%	10.00%
Cash	1.70%	0.00%
Inflation protected		**20.00%**
Real estate	4.90%	7.00%
Real return	5.35%	13.00%
Expected real return		100.00%
Long term inflation assumption		2.50%
Expected nominal return for portfolio		7.19%

Pension Discount Rate

The discount rate used to measure the total pension liability was 6.50% for the year ended June 30, 2024. The projection of cash flows used to determine the discount rate assumed that local employers would contribute funds as required by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate.

Note 6. County Employees Retirement System Plan *(Continued)*

OPEB Discount Rate

The discount rate used to measure the total OPEB asset was 5.99% for the year ended June 30, 2024 for non-hazardous classifications. 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 24–year amortization period of the funded actuarial accrued asset. The discount rate determination used an expected rate of return of 6.50%, and a municipal bond rate of 3.86%, as reported in Fidelity Index's "20–Year Municipal GO AA Index" as of June 30, 2024. However, the cost associated with the implicit employer subsidy was not included in the calculation of the KPPA's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the KPPA's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

Sensitivity of the 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%, 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%) or 1-percentage-point higher (7.50%) than the current rate at June 30, 2025:

	Discount Rate		Proportionate Share of Net Pension Liability
1% decrease	5.50%	$	294,512
Current discount rate	6.50%		228,452
1% increase	7.50%		173,640

Sensitivity of the Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following presents the City's proportionate share of the net OPEB asset calculated using the discount rate as well as what the City's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate at June 30, 2025:

	Discount Rate		Proportionate Share of Net OPEB Liability (Asset)
1% decrease	4.99%	$	8,944
Current discount rate	5.99%		(6,615)
1% increase	6.99%		(19,697)

Sensitivity of the Proportionate Share of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rate

The following presents the City's proportionate share of the net OPEB asset calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates at June 30, 2025:

Note 6. County Employees Retirement System Plan *(Continued)*

Sensitivity of the Proportionate Share of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rate *(Continued)*

		Proportionate Share of Net OPEB Liability (Asset)
1% decrease	$	(15,914)
Current discount rate		(6,615)
1% increase		4,219

Payable to the Pension Plan

At June 30, 2025, the City reported a payable of $2,715 for the outstanding amount of contributions to the pension plan required for the year then ended. The payable consists of contributions to the pension fund.

Note 7. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2025 follows:

		Beginning Balance		Increase		Decrease		Ending Balance
Assets not being depreciated:								
Land	$	13,701	$		$		$	13,701
Construction in progress								
Assets being depreciated:								
Buildings and improvements		1,166,063		21,650				1,187,713
Machinery and equipment (Restated)		323,105		18,000				341,105
Infrastructure		1,007,669						1,007,669
Total capital assets (Restated)	$	2,510,538	$	39,650	$		$	2,550,188
Less: Accumulated depreciation		927,909		79,137				1,007,046
Capital assets, net (Restated)	$	1,582,629	$	(39,487)	$		$	1,543,142

Depreciation was charged to government functions as follows:

General government	$	32,364
Protection to persons and property		5,370
Streets and maintenance		33,903
Recreation and culture		7,500
Total	$	79,137

Note 8. Long-Term Debt

A. Changes in Long-term Debt

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	$ 593,750	$	$ 15,000	$ 578,750	$ 15,000
Other debt	14,078	21,086	6,697	28,467	8,501
Total	$ 607,828	$ 21,086	$ 21,697	$ 607,217	$ 23,501

B. Bonds payable

Bonds payable consists of the following as of June 30, 2025:

Revenue Bond 2021 Series F – General Obligation, interest at 2 – 2.5% with a maturity date of January 1, 2051.	$ 578,750
Total bonds payable	$ 578,750
Less: Current maturities	15,000
Total long-term bonds payable	$ 563,750

Principal and interest for long-term bonds payable governmental activities were due as follows:

Year Ending June 30,	Interest	Principal
2026	$ 12,950	$ 15,000
2027	12,650	17,083
2028	12,309	20,000
2029	11,908	20,000
2030	11,508	20,000
2031 – 2035	51,542	100,000
2036 – 2040	41,378	107,084
2041 – 2045	28,138	125,000
2046 – 2050	12,826	137,084
2051	437	17,499
Total	$ 195,646	$ 578,750

Event of Default

The occurrence of any of the following events constitutes an "Event of Default": (a) failure to pay any lease payment at the time specified, (b) failure to vacate or surrender the project by the July 1 following an Event of Nonappropriation, and (c) failure to observe or perform any covenant, condition, or agreement on its part to be observed or performed for a period of 30 days after written notice specifying such failure and requesting that it be remedied unless a written extension has been granted.

Note 8. Long-Term Debt *(Continued)*

C. Other debt

Other debt consists of the following as of June 30, 2025:

2024 Massimo UTVs, interest at 2.1% with a maturity date of January 3, 2028, secured by 2 Massimo UTVs.	$	10,458
LED sign, interest at 9.35% with a maturity date of September 1, 2028, secured by LED sign.		18,009
Total other debt	$	28,467
Less: Current maturities		8,501
Total long-term other debt	$	19,966

Principal and interest for long-term other debt for governmental activities were due as follows:

Year Ending June 30,		Interest		Principal
2026	$	2,323	$	8,501
2027		1,551		9,273
2028		733		7,755
2029		137		2,938
Total	$	4,744	$	28,467

Event of Default

The occurrence of any of the following events constitutes an "Event of Default," unless specifically waived by the lessor in writing: (a) failure to pay any lease payment or other amounts/obligations due under the agreement, or failure to perform any obligation, covenant, or liability under the agreement, continuing for 10 consecutive days after written notice from the lessor; (b) any material warranty, representation, or statement made or furnished to the lessor proving to have been false when made or furnished; (c) any actual or attempted sale, lease, or encumbrance of the leased property, or any levy, seizure, or attachment of or on the leased property; or (d) dissolution, termination of existence, or discontinuance of the lessee; insolvency, business failure, or failure to pay debts as they mature; appointment of a receiver for any part of the lessee's property; assignment for the benefit of creditors; or the commencement of any bankruptcy, reorganization, or arrangement proceedings by or against the lessee.

Note 9. Restatement of Net Position

Beginning net position was restated as follows to correct account balances not stated at appropriate amounts at June 30, 2025:

Net position - Beginning	$	1,400,964
Asset not recorded in prior year		3,177
Bond issue costs incorrectly treated as an asset in prior year		(17,970)
Net position – Beginning, restated	$	1,386,171

Assets, in total, were overstated by $14,973 which resulted in net position being overstated by $14,973.

Note 10. Subsequent Events

The City has evaluated and considered the need to recognize or disclose subsequent events through August 12, 2026, the date which the financial statements were available to be issued. Subsequent events past this date, as they pertain to the year ended June 30, 2025, except as noted below, have not been evaluated.

Subsequent to year-end, on February 4, 2026, the City of Campbellsburg, Kentucky completed a commercial real estate closing to acquire property located at 8910 Main St, Campbellsburg, Kentucky from E & O of Henry County LLC. The purchase price was $310,000 and buyer settlement charges were $4,305. The transaction was financed in part by $248,000 of new loan proceeds from United Citizens Bank & Trust Co. Management has determined that this transaction represents a nonrecognized subsequent event; accordingly, no adjustment was made to year-end balances.

Required Supplementary Information

City of Campbellsburg
Budgetary Comparison -
Major Governmental Funds
For the Year Ended June 30, 2025

	General Fund			
	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 372,400	$ 372,400	$ 504,131	$ 131,731
Intergovernmental	19,600	19,600	7,954	(11,646)
Licenses and permits	7,500	7,500	4,675	(2,825)
Charges for services	10,000	10,000	9,182	(818)
Miscellaneous	59,500	59,500	5,562	(53,938)
Total revenues	$ 469,000	$ 469,000	$ 531,504	$ 62,504
Expenditures				
General government	$ 433,668	$ 458,668	$ 457,065	$ 1,603
Protection to persons and property	45,100	45,100	41,335	3,765
Streets and maintenance	52,450	52,450	56,311	(3,861)
Recreation and culture	34,600	34,600	34,367	233
Debt service	31,000	31,000	30,184	816
Capital outlay	17,800	27,800	39,650	(11,850)
Total expenditures	$ 614,618	$ 649,618	$ 658,912	$ (9,294)
Excess (deficiency) of revenues over expenditures	$ (145,618)	$ (180,618)	$ (127,408)	$ 53,210
Net change in fund balance	$ (145,618)	$ (180,618)	$ (127,408)	$ 53,210
Fund balance - Beginning	583,502	583,502	583,502	
Fund balance - Ending	$ 437,884	$ 402,884	$ 456,094	$ 53,210

City of Campbellsburg
Budgetary Comparison -
Major Governmental Funds
For the Year Ended June 30, 2025
(Continued)

	Municipal Road Aid Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	$	$	$ 19,596	$ 19,596
Miscellaneous			85	85
Total revenues	$	$	$ 19,681	$ 19,681
Expenditures				
Streets and maintenance	$	$	$	$
Total expenditures	$	$	$	$
Excess (deficiency) of revenues over expenditures	$	$	$ 19,681	$ 19,681
Net change in fund balance	$	$	$ 19,681	$ 19,681
Fund balance - Beginning				
Fund balance - Ending	$	$	$ 19,681	$ 19,681

See the accompanying Notes to the Required Supplementary Information.

City of Campbellsburg
Schedule of Proportionate Share of the Net Pension Liability of County Employees Retirement System
For the Year Ended June 30,

	2016	2017	2018	2019
Proportion of the collective net pension liability	0.003931%	0.003094%	0.002621%	0.002586%
Proportionate share of the net pension liability	$ 169,047	$ 152,322	$ 153,415	157,495
Covered employee payroll	$ 92,071	$ 70,765	$ 63,821	64,081
Proportionate share of the net pension liability as a percentage of its covered employee payroll	183.61%	215.25%	240.38%	245.77%
Plan fiduciary net position as a percentage of the total pension liability	59.97%	55.50%	53.32%	53.54%

	2020	2021	2022	2023
Proportion of the collective net pension liability	0.001969%	0.002072%	0.002157%	0.002218%
Proportionate share of the net pension liability	$ 138,481	$ 158,921	$ 137,526	160,340
Covered employee payroll	$ 49,660	$ 53,088	$ 55,098	61,323
Proportionate share of the net pension liability as a percentage of its covered employee payroll	278.86%	299.36%	249.60%	261.47%
Plan fiduciary net position as a percentage of the total pension liability	50.45%	47.81%	55.95%	52.42%

	2024	2025
Proportion of the collective net pension liability	0.003068%	0.382000%
Proportionate share of the net pension liability	$ 196,858	$ 228,452
Covered employee payroll	$ 89,064	$ 119,936
Proportionate share of the net pension liability as a percentage of its covered employee payroll	221.03%	190.48%
Plan fiduciary net position as a percentage of the total pension liability	57.48%	61.61%

This is a 10-year schedule.

See the accompanying Notes to the Required Supplementary Information.

City of Campbellsburg
Schedule of Pension Contributions to
County Employees Retirement System
For the Year Ended June 30,

	2016	2017	2018	2019
Statutorily required contributions for pension	$ 8,789	$ 8,903	$ 9,279	8,055
Less: Contributions	8,789	8,903	9,279	8,055
Contribution deficiency (excess)	$	$	$	
Covered employee payroll	$ 70,765	$ 63,821	$ 64,081	49,660
Contributions as a percentage of its covered employee payroll	12.42%	13.95%	14.48%	16.22%

	2020	2021	2022	2023
Statutorily required contributions for pension	$ 10,246	$ 10,634	$ 12,982	20,841
Less: Contributions	10,246	10,634	12,982	20,841
Contribution deficiency (excess)	$	$	$	
Covered employee payroll	$ 53,088	$ 55,098	$ 61,323	89,064
Contributions as a percentage of its covered employee payroll	19.30%	19.30%	21.17%	23.40%

	2024	2025
Statutorily required contributions for pension	$ 27,993	$ 25,994
Less: Contributions	27,993	25,994
Contribution deficiency (excess)	$	$
Covered employee payroll	$ 119,936	131,880
Contributions as a percentage of its covered employee payroll	23.34%	19.71%

This is a 10-year schedule.

See the accompanying Notes to the Required Supplementary Information.

City of Campbellsburg
Schedule of Proportionate Share of the Net Other Postemployment Benefits
Liability (Asset) of County Employees Retirement System
For the Year Ended June 30,

	2018	2019	2020	2021
Proportionate share of the collective net OPEB liability (asset)	0.002621%	0.002585%	0.001969%	0.002072%
Proportionate share of the net OPEB liability (asset)	$ 52,691	$ 45,896	$ 33,118	$ 50,032
Covered-employee payroll	$ 63,821	$ 64,081	$ 49,660	$ 53,088
Proportionate share of net OPEB liability (asset) as a percentage of its covered-employee payroll	82.56%	71.62%	66.69%	94.24%
Plan fiduciary net position as a percentage of total OPEB liability (asset)	52.39%	57.62%	60.44%	51.67%

	2022	2023	2024	2025
Proportionate share of the collective net OPEB liability (asset)	0.002157%	0.002217%	0.003068%	0.306800%
Proportionate share of the net OPEB liability (asset)	$ 41,295	$ 43,753	$ (4,236)	(6,615)
Covered-employee payroll	$ 55,098	$ 61,323	$ 89,064	119,936
Proportionate share of net OPEB liability (asset) as a percentage of its covered-employee payroll	74.95%	71.35%	(4.76%)	(5.52%)
Plan fiduciary net position as a percentage of total OPEB liability (asset)	62.91%	60.95%	104.23%	104.89%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until 10 years of information is available.

See the accompanying Notes to the Required Supplementary Information.

City of Campbellsburg
Schedule of Other Postemployment Benefits Contributions
to County Employees Retirement System
For the Year Ended June 30,

	2016	2017	2018	2019
Statutorily required contribution for OPEB	$ 3,283	$ 3,019	$ 3,012	2,612
Less: Contributions	3,283	3,019	3,012	2,612
Contribution deficiency (excess)	$	$	$	
Covered employee payroll	$ 70,765	$ 63,821	$ 64,081	49,660
Contributions as a percentage of its covered employee payroll	4.64%	4.73%	4.70%	5.26%

	2020	2021	2022	2023
Statutorily required contribution for OPEB	$ 2,527	$ 2,623	$ 3,544	3,019
Less: Contributions	2,527	2,623	3,544	3,019
Contribution deficiency (excess)	$	$	$	
Covered employee payroll	$ 53,088	$ 55,098	$ 61,323	89,064
Contributions as a percentage of its covered employee payroll	4.76%	4.76%	5.78%	3.39%

	2024	2025
Statutorily required contribution for OPEB	$	$
Less: Contributions		
Contribution deficiency (excess)	$	$
Covered employee payroll	$ 119,936	131,880
Contributions as a percentage of its covered employee payroll	0.00%	0.00%

This is a 10-year schedule.

See the accompanying Notes to the Required Supplementary Information.

City of Campbellsburg
Notes to the Required Supplementary Information
For the Year Ended June 30, 2025

Note 1. Budgetary Information

Annual budgets are adopted on a fund basis of accounting and according to the laws of Kentucky. The Mayor is required to submit estimated receipts and proposed expenditures to the City Council by May 1 of each year. The budget, prepared by fund, function, and activity, is required to be adopted by the City Council by July 1. The City may change the original budget by transferring appropriations at the activity level or increasing the total budget. Expenditures may not exceed budgeted appropriations at the activity level. However, budgeted expenditures for the General Fund exceeded the budget for Streets and Maintenance and Capital Outlay by $3,861 and $11,850, respectively.

Note 2. Pension and OPEB Information

Net Pension Liability

The measurement date is 1 year preceding the fiscal year of the City.

Net OPEB Liability

The measurement date is 1 year preceding the fiscal year of the City.

Contributions

Contractually required employer contributions reported on the Schedule of Pension Contributions to County Employees Retirement System exclude the portion of contributions paid to CERS but allocated to the insurance fund of CERS. The insurance contributions are reported on the Schedule of Other Postemployment Benefits Contributions to County Employees Retirement System. However, the City was not required to make any insurance contributions for the year ended June 30, 2025.

Payroll

The City's covered payroll reported on the Schedule of Proportionate Share of the Net Pension Liability of County Employees Retirement System and the Schedule of Proportionate Share of the Net Other Postemployment Benefits Liability (Asset) of County Employees Retirement System is 1 year prior to the City's fiscal year payroll as reported on the Schedule of Pension Contributions to County Employees Retirement System and Schedule of Other Postemployment Benefits Contributions to County Employees Retirement System.

Note 3. Changes in Assumptions

The following changes in assumptions were made by the Kentucky Legislature and are reflected in the valuation performed as of each fiscal year, for both pension and OPEB:

June 30, 2024 – Pension and OPEB

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

June 30, 2023 – Pension and OPEB

- The assumed rate of inflation was increased from 2.3% to 2.5%;
- The assumed rate of return was increased from 6.25% to 6.5%;

Note 3. Changes in Assumptions *(Continued)*

June 30, 2023 – Pension and OPEB *(Continued)*

- The initial healthcare trend rate for pre-65 was changed from 6.2% to 6.8%. The initial healthcare trend rate for post-65 was changed from 9% to 8.5%.
- For disabled members, the PUB-2010 Disabled Mortality Table used rates multiplied by 150% for both male and female rates, projected with the ultimate rates from MP-2020 Mortality Improvement Scale using a base year of 2010.
- For healthy retired members, the system-specific mortality table was based on mortality experience from 2013 through 2022, projected with the ultimate rates from MP-2020 Mortality Improvement Scale using a base year of 2023; and
- The actuarial assumption used in the June 30, 2023 valuation was based on the results of an actuarial experience study conducted as of June 30, 2022.

June 30, 2022 – Pension and OPEB

- The initial healthcare trend rate for pre-65 was changed from 6.3% to 6.2%. The initial healthcare trend rate for post-65 was changed from 6.3% to 9%.

June 30, 2021 – Pension and OPEB

- The initial healthcare trend rate for pre-65 was changed from 6.4% to 6.3%. The initial healthcare trend rate for post-65 was changed from 2.9% to 6.3%.

June 30, 2020 – Pension and OPEB

- The initial healthcare trend rate for pre-65 was changed from 7% to 6.4%. The initial healthcare trend rate for post-65 was changed from 5% to 2.9%.

June 30, 2019 – Pension and OPEB

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

June 30, 2018 – Pension and OPEB

None.

June 30, 2017 – Pension and OPEB

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

June 30, 2016 – Pension and OPEB

None.

Note 3. Changes in Assumptions *(Continued)*

June 30, 2015 – Pension

- The assumed rate of return was decreased from 7.75% to 7.5%;
- The assumed rate of inflation was reduced from 3.5% to 3.25%;
- The assumed rate of wage inflation was reduced from 1% to 0.75%;
- Payroll growth assumption was reduced from 4.5% to 4%;
- Mortality rates were based on the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females);
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (setback 1 year for females);
- For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement; and
- The assumed rates of retirement, withdrawal, and disability were updated to reflect experience more accurately.

Jones & Associates CPAs, PSC
Certified Public Accountants
121 Prosperous Place, Suite 2A, Lexington, KY 40509 (859) 687-0303

To the Mayor and City Council of
City of Campbellsburg, Kentucky

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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 and each major fund of the City of Campbellsburg, Kentucky, as of and for the year ended June 30, 2025, and related notes to the financial statements, which collectively comprise the City of Campbellsburg, Kentucky's basic financial statements and have issued our report thereon dated August 12, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We consider the following deficiency described in the accompanying Schedule of Findings to be a material weakness: 2025 – 01.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Campbellsburg, Kentucky's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion.

To the Mayor and City Council of
City of Campbellsburg, Kentucky
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
(Continued)

Report on Compliance and Other Matters *(Continued)*

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Campbellsburg, Kentucky's Response to Finding

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

Purpose of this Report

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

Respectfully submitted,

Jones & Associates CPAs, PSC

Jones & Associates CPAs, PSC
Certified Public Accountants
Lexington, Kentucky

August 12, 2026

City of Campbellsburg
Schedule of Findings
For the Year Ended June 30, 2025

Internal Control – Material Weaknesses and Significant Deficiencies

Finding Number 2025 – 01

Condition:	The City cannot fully segregate the record-keeping, custodial, and authorization activities of its accounting function due to the size of its staff.
Cause:	The City cannot employ enough individuals to fully segregate the record-keeping, custodial, and authorization functions of its internal controls due to budget constraints.
Effect:	The risk of errors or fraud occurring and not being prevented or detected in a timely manner increases when accounting functions are not adequately segregated and sufficient controls are not in place.
Criteria:	Generally accepted accounting principles require that management design internal controls to provide reasonable assurance that unauthorized acquisition, use, or disposition of assets will be prevented or timely detected and corrected. A fundamental concept in a good system of internal control is segregation of duties.
Recommendation:	We realize that the City cannot fully segregate duties with the number of employees available. We recommend that management and the Council remain aware of this issue and continue to develop policies and procedures that segregate accounting functions as much as possible. This policy should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, signing checks, and handling any related assets.
Response:	The City will strive to separate the responsibilities of City employees as allowable under current budget constraints.

Certificate of Compliance –
Local Government Economic Assistance Program

Certificate of Compliance –
Local Government Economic Assistance Program
City of Campbellsburg, Kentucky
For the Year Ended June 30, 2025

The City of Campbellsburg, Kentucky hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

David Cray
Mayor

Kim Boyer
City Clerk