

CITY OF CAMPBELLSVILLE, KENTUCKY

BASIC FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION  
AND INDEPENDENT AUDITORS' REPORT

For the Year Ended June 30, 2025

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor,  
City Council and City Clerk of  
City of Campbellsville, Kentucky

**Report on the Audit of the Financial Statements**

*Opinions*

We have audited the accompanying financial statements of the governmental activities and the business-type activities of City of Campbellsville, Kentucky (the "City"), 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 and the business-type activities of the City as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United State. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City of Campbellsville, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Campbellsville's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, 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 Campbellsville, 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 Campbellsville, 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, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the City's proportionate share of net pension, and net OPEB liability schedules, and the schedules of pension and OPEB contributions on pages 4 through 9 and pages 40 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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 consist 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 obtained during our audit of 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.

#### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The additional information shown on pages 58 through 59 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and Notes to Schedule of Expenditures of Federal Awards on pages 55 through 56 are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and are also not a required part of the basic financial statements of the City of Campbellsville, Kentucky.

The additional information shown on pages 58 through 59 are the responsibility of management and were derived from and relate directly to the underlying accounting and records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards accepted in the United States of America. In our opinion, the information found on pages 58 through 59 are fairly stated in all material respects in relation to the financial statements as a whole.

Honorable Mayor,  
City Council and City Clerk  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2026 on our consideration of the City of Campbellsville, 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 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 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 Campbellsville, Kentucky's internal control over financial reporting and compliance.

*Wise, Buckner, Sprowles & Associates, PLLC*

Wise, Buckner, Sprowles & Associates, PLLC  
Certified Public Accountants

Campbellsville, Kentucky  
March 16, 2026

CITY OF CAMPBELLSVILLE, KENTUCKY  
MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A)  
June 30, 2025

The discussion and analysis of the City of Campbellsville's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended June 30, 2025. It should be read in conjunction with the accompanying basic financial statements.

**FINANCIAL HIGHLIGHTS**

The assets of the City exceeded its liabilities at the close of the fiscal year ending June 30, 2025 by \$43.6 million.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis serve as an introduction to the City of Campbellsville's basic financial statements. The City of Campbellsville's basic financial statements are comprised of three components, government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City of Campbellsville's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City of Campbellsville's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Campbellsville is improving or deteriorating. The Statement of Net position combines and consolidates governmental funds' current financial resources (short-term resources available for spending) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.), to assess the overall health or financial condition of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both the Statement of Net position and the Statement of Activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

Governmental Activities—Most of the City's basic services are reported here, including the police, fire, rescue, planning and development, parks and recreation, and general administration. Property taxes, occupational tax and insurance premiums, provides revenue for most of these activities.

Business type Activities—The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system are reported here.

**Reporting the City's Most Significant Funds**

**Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's two kinds of funds—governmental and proprietary—utilize different accounting approaches.

Governmental funds—The majority of the City’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the City’s general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide statements, readers may better understand the long term effect of the government’s near term financing decisions. The relationships or difference between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements.

The City of Campbellsville maintains three individual governmental funds. They are all combined in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances.

Proprietary funds—The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net position and the Statement of Activities. In fact, the City’s enterprise funds (a component of proprietary funds) are identical to the business type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City’s budgetary comparative information for the general fund.

**THE CITY AS A WHOLE—Government-wide Financial Analysis**

The City’s combined net position was \$43.7 million as of June 30, 2025 as compared to \$33.4 million at June 30, 2024. The largest component of the City’s net position (88 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Total restricted assets are \$8.14 million, the largest component (7.67 million) related to the debt liabilities of the City.

**Summary of Net Position**  
June 30, 2025

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
<b>Assets:</b>						
Current and Other Assets	\$ 12,051,560	\$ 12,099,227	\$ 12,147,832	\$ 7,432,410	\$ 24,199,392	\$ 11,652,128
Capital Assets	6,821,224	7,008,021	47,534,311	46,113,407	54,355,535	53,139,077
<b>Total Assets</b>	<b>18,872,784</b>	<b>19,107,248</b>	<b>59,682,143</b>	<b>53,545,817</b>	<b>78,554,927</b>	<b>64,791,205</b>
Deferred Outflows of Resources	3,782,397	4,559,913	1,429,245	1,696,642	5,211,642	7,323,004
<b>Total Deferred Outflows</b>	<b>3,782,397</b>	<b>4,559,913</b>	<b>1,429,245</b>	<b>1,696,642</b>	<b>5,211,642</b>	<b>7,323,004</b>
<b>Liabilities:</b>						
Long-term Liabilities	11,959,494	12,758,724	17,485,067	18,141,344	29,444,561	43,499,785
Other Liabilities	902,129	1,968,907	1,874,637	2,053,858	2,776,766	2,530,634
<b>Total Liabilities</b>	<b>12,861,623</b>	<b>14,727,631</b>	<b>19,359,704</b>	<b>20,195,202</b>	<b>32,221,327</b>	<b>46,030,419</b>
Deferred Inflow of Resources	5,662,940	7,754,992	2,214,942	2,881,198	2,341,206	2,341,206
<b>Total Deferred Inflows</b>	<b>5,662,940</b>	<b>7,754,992</b>	<b>2,214,942</b>	<b>2,881,198</b>	<b>2,341,206</b>	<b>2,341,206</b>
<b>Net Position:</b>						
Invested in Capital Assets						
Net of Related Debt	5,048,832	4,999,186	33,460,408	30,970,834	38,509,240	35,970,020
Restricted	334,783	588,087	7,807,836	4,143,519	8,142,619	4,731,606
Unrestricted	(1,252,997)	(4,402,735)	(1,731,502)	(2,948,294)	(2,984,499)	(7,351,029)
<b>Total Net Position</b>	<b>\$ 4,130,618</b>	<b>\$ 1,184,538</b>	<b>\$ 39,536,742</b>	<b>\$ 32,166,059</b>	<b>\$ 43,667,360</b>	<b>\$ 33,350,597</b>

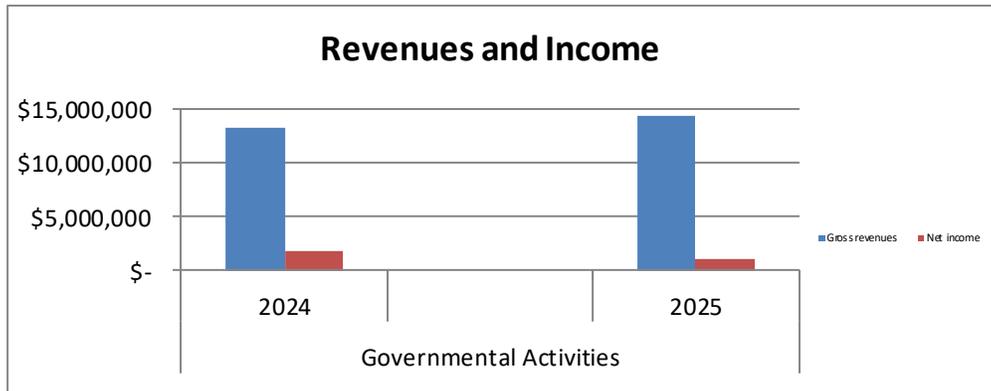
**Governmental Activities**

The City's general revenues increased by \$404,998 compared to the prior year. The increase is spread over numerous revenue streams.

**General Revenues**

	2025	2024	Increase/ (Decrease)
Taxes	\$ 7,980,552	\$ 7,579,118	\$ 401,434
Franchise fees and Permits	707,304	663,746	43,558
Other Income/(Expense)	1,131,030	1,171,024	(39,994)
<b>Total General Revenue</b>	<b>\$ 9,818,886</b>	<b>\$ 9,413,888</b>	<b>\$ 404,998</b>

The following chart shows the Governmental Activities gross revenues as compared to net income for the years June 30, 2025 and 2024.



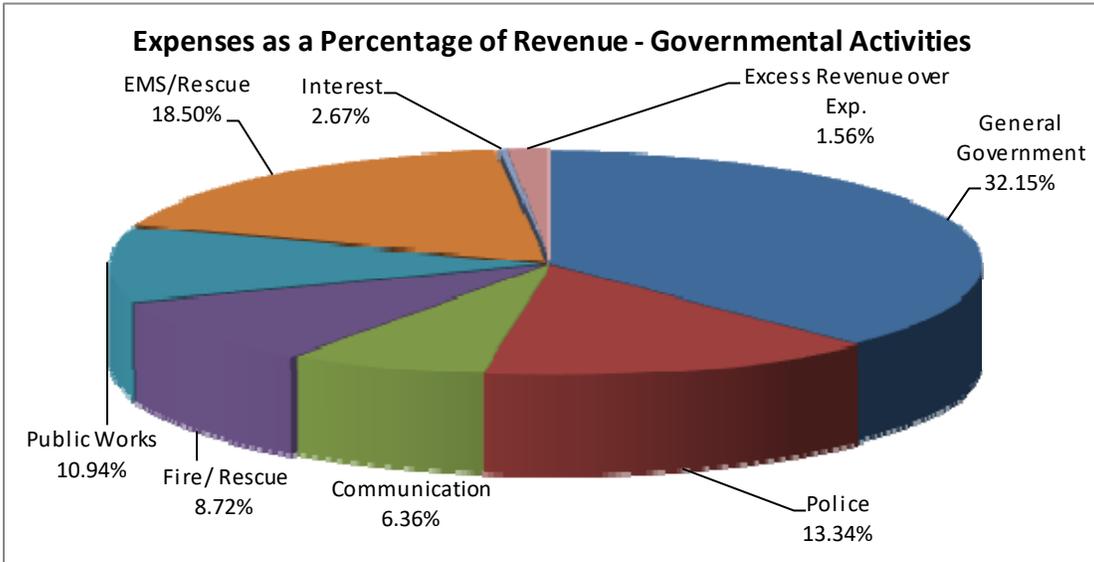
Governmental and Business type activities increased the City's net position by \$10.31 million. The key elements of this increase are as follows:

**Changes in Net Position**

REVENUES	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Program Revenues						
Charges for Services	\$ 3,692,184	\$ 3,587,441	\$ 9,589,184	\$ 8,255,403	\$13,281,368	\$11,842,844
Operating Grants and Contributions	521,873	412,439	-	-	521,873	412,439
Capital Grants and Contributions	1,314,488	957,958	5,828,383	197,661	7,142,871	1,155,619
General Revenues						
Taxes	7,980,552	7,579,118	-	-	7,980,552	7,579,118
Franchise Fees/Permits	707,304	663,746	-	-	707,304	663,746
Other Income	1,131,030	1,171,024	114,588	862,177	1,245,618	2,033,201
<b>TOTAL REVENUES</b>	<b>15,347,430</b>	<b>14,371,726</b>	<b>15,532,155</b>	<b>9,315,241</b>	<b>30,879,585</b>	<b>23,686,967</b>
EXPENSES						
General Government	5,208,393	3,081,378	-	-	5,208,393	3,081,378
Police	1,708,284	1,413,078	-	-	1,708,284	1,413,078
Communication	832,213	734,303	-	-	832,213	734,303
Fire / Rescue	1,239,622	794,081	-	-	1,239,622	794,081
EMS/Rescue	2,022,606	2,462,428	-	-	2,022,606	2,462,428
Streets and Roads	-	-	-	-	-	-
Planning and Codes	-	-	-	-	-	-
Recreation and Parks	-	-	-	-	-	-
Public Works	1,314,588	1,206,462	-	-	1,314,588	-
Sanitation and Landfill	-	-	-	-	-	-
Interest	75,644	94,901	154,117	166,432	229,761	261,333
Water and Sewer	-	-	5,688,347	6,195,923	5,688,347	6,195,923
Depreciation	-	-	2,319,008	2,106,084	2,319,008	2,106,084
<b>TOTAL EXPENSES</b>	<b>12,401,350</b>	<b>9,786,631</b>	<b>8,161,472</b>	<b>8,468,439</b>	<b>20,562,822</b>	<b>18,255,070</b>
Increase in net assets before transfers	2,946,080	4,585,095	7,370,683	846,802	10,316,763	5,431,897
Transfers	-	-	-	175,000	-	175,000
Increase in Net Position	2,946,080	4,585,095	7,370,683	1,021,802	10,316,763	5,606,897
Net Position, July 1, restated	1,184,538	(3,400,557)	32,166,059	31,144,257	33,350,597	27,743,700
Net Position, June 30	<b>\$ 4,130,618</b>	<b>\$ 1,184,538</b>	<b>\$39,536,742</b>	<b>\$32,166,059</b>	<b>\$43,667,360</b>	<b>\$33,350,597</b>

The most significant governmental expenses for the City were in providing for public safety, which incurred expenses of \$5.8 million. These expenses were offset by revenues collected from a variety of sources, with the largest being from medic runs, which were \$1.8 million for the fiscal year ending June 30, 2025. The major components of public safety are police, communications, fire/rescue and EMS. Police accounted for \$1.7 million in public safety expense of which \$1.5 million was incurred for salary and benefits. Fire/rescue accounted for \$1.2 million in public safety expense, of which \$1.1 million was incurred for salary and benefits. EMS accounted for \$2 million in public safety expense of which \$1.7 million was for salary and benefits. Communications accounted for \$830k in public safety expenses of which \$720k was for salary and benefits.

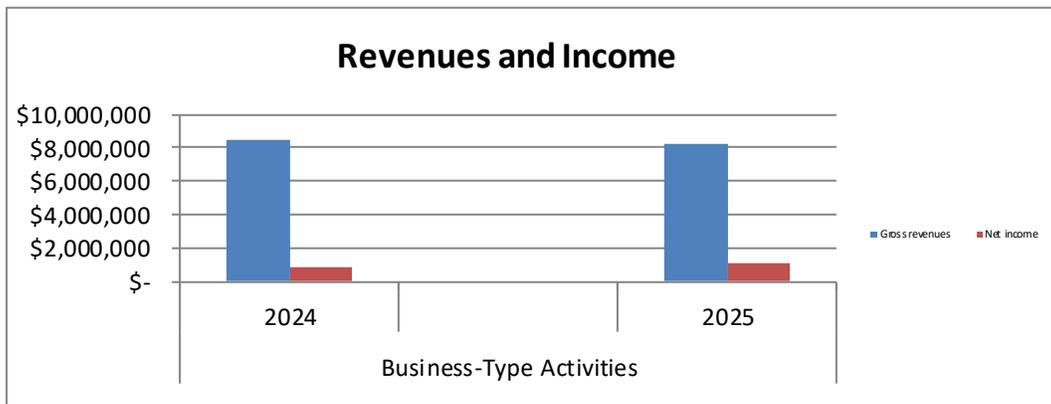
The following pie chart shows the Governmental Activities expenses as a percentage of revenue.



**Business-type Activities**

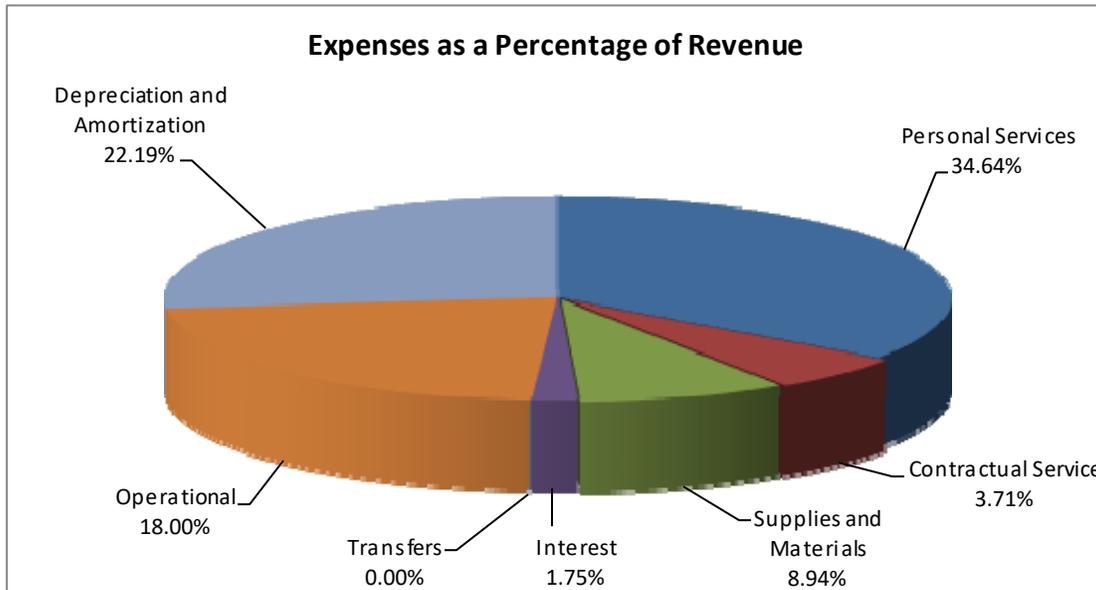
Operating revenues of the City’s business-type activities were \$9.75 million for the fiscal year ending June 30, 2025. Operating expenses for the City’s business-type activities were \$8.49 million for the year, resulting in net operating revenue over expenses of \$1.26 million before non-operating revenues and expenses, capital contributions, grants and extraordinary income.

The following graph shows the business-type activities gross revenues as compared to net income for the years ended June 30, 2025 and 2024.



The City’s water and sewer system’s most significant expenses were \$3.27 million in salaries and benefits.

The following pie chart shows the Water Company's expenses as a percentage of Revenue.



**General Fund Budgetary Highlights**

General Fund revenues exceeded budget by \$470k.

Budgeted expenditures were \$451k less than budgeted. Of this, general government expenses were \$276k lower than budget, Fire/Rescue expenses were more than budget by \$100k and EMS/Rescue expenses were \$244k less than budgeted.

The city budget included a \$2.7 million contingency.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of the fiscal year 2025, the City had \$38,509,240 net invested in a broad range of capital assets, as compared to \$35,970,020 in fiscal year 2024, including police, fire and rescue equipment, buildings, park facilities, and water and sewer lines.

**Debt**

At year-end, the City had \$15,846,295 in General Obligation Bonds, Notes and Capital Lease Obligations outstanding as compared to \$17,151,407 at June 30, 2024.

**CURRENT ECONOMIC EVENTS**

Beginning in fiscal year 2025-2026, the retirement contribution rates are 18.62% for non-hazardous and 35.73% for hazardous workers.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Mayor, Dennis Benningfield, at the City of Campbellsville, 110 South Columbia, Suite B, Campbellsville, KY 42718 or phone (270) 465-7011.

CITY OF CAMPBELLSVILLE, KENTUCKY  
STATEMENT OF NET POSITION  
June 30, 2025

	Governmental Activities	Business Type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 6,272,700	\$ 2,635,352	\$ 8,908,052
Accounts receivable, net of allowance	1,975,207	655,973	2,631,180
Other	389,860	99,488	489,348
Inventory	-	970,413	970,413
Restricted assets			
Cash and cash equivalents	3,413,793	7,665,399	11,079,192
Total current assets	12,051,560	12,026,625	24,078,185
Noncurrent assets:			
Land and construction in progress	2,591,541	3,823,409	6,414,950
Other capital assets, net of depreciation	4,229,683	43,710,902	47,940,585
Total noncurrent assets	6,821,224	47,534,311	54,355,535
Net OPEB asset	-	121,207	91,756
Total assets	18,872,784	59,682,143	78,525,476
Deferred outflows of resources			
Bond Discount	7,947	7,811	15,758
CERS - OPEB	875,715	336,422	1,212,137
CERS - OPEB Contributions	33,154	32,856	66,010
CERS - Pension	1,606,723	624,891	2,231,614
CERS - Pension Contributions	1,258,858	427,265	1,686,123
Total deferred outflows of resources	3,782,397	1,429,245	5,211,642

See accompanying notes to financial statements.

CITY OF CAMPBELLVILLE, KENTUCKY  
STATEMENT OF NET POSITION  
June 30, 2025

	Governmental Activities	Business Type Activities	Total
Liabilities:			
Current liabilities:			
Accounts payable - trade	\$ 143,133	\$ 606,391	\$ 749,524
Accounts payable from restricted assets	88,544	-	88,544
Accrued payroll and related expenses	272,082	129,339	401,421
Customer deposits	-	47,446	47,446
Interest payable	-	28,342	28,342
Current portion of lease liabilities	262,226	224,768	486,994
Current portion of notes payable	86,144	656,598	742,742
Current portion of bonds payable	50,000	134,000	184,000
Current portion of compensated absences	-	47,753	47,753
Total current liabilities	<u>902,129</u>	<u>1,874,637</u>	<u>2,776,766</u>
Noncurrent liabilities:			
Noncurrent portion of lease liabilities	455,250	234,222	689,472
Noncurrent portion of notes payable	523,772	8,874,315	9,398,087
Noncurrent portion of bonds payable	395,000	3,950,000	4,345,000
Noncurrent portion of compensated absences	-	240,174	240,174
Net OPEB liability	135,206	-	135,206
Net pension liability	10,450,266	4,186,356	14,636,622
Total noncurrent liabilities	<u>11,959,494</u>	<u>17,485,067</u>	<u>29,444,561</u>
Total liabilities	<u>12,861,623</u>	<u>19,359,704</u>	<u>32,221,327</u>
Deferred inflows of resources			
Bond Premium	-	106,057	106,057
CERS - OPEB	3,374,059	1,299,344	4,673,403
CERS - Pension	2,288,881	809,541	3,098,422
Total deferred inflows of resources	<u>5,662,940</u>	<u>2,214,942</u>	<u>7,771,825</u>
Net position:			
Net investment in capital assets	5,048,832	33,460,408	38,509,240
Restricted for:			
Debt service	-	7,665,399	7,665,399
Employee benefits	334,783	142,437	477,220
Unrestricted	<u>(1,252,997)</u>	<u>(1,731,502)</u>	<u>(2,984,499)</u>
Total net position	<u>\$ 4,130,618</u>	<u>\$39,536,742</u>	<u>\$43,667,360</u>

See accompanying notes to financial statements.

CITY OF CAMPBELLSVILLE, KENTUCKY  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2025

Functions/Programs	Program Revenues			Net Revenue (Expense) and Changes in Net Position			
	Expense	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business Type Activities	Total
Governmental activities:							
General government	\$ 5,208,393	\$ -	\$ 59,643	\$ 1,314,488	\$ (3,834,262)	\$ -	\$ (3,834,262)
Public safety:							
Police	1,708,284	7,665	118,165	-	(1,582,454)	-	(1,582,454)
Communication	832,213	-	-	-	(832,213)	-	(832,213)
Fire/ rescue	1,239,622	9,933	69,006	-	(1,160,683)	-	(1,160,683)
EMS	2,022,606	1,810,798	-	-	(211,808)	-	(211,808)
Streets and roads	-	-	-	-	-	-	-
Planning and codes	-	-	-	-	-	-	-
Recreation and parks	-	-	275,059	-	275,059	-	275,059
Public Works	1,314,588	-	-	-	(1,314,588)	-	(1,314,588)
Sanitation and landfill	-	1,863,788	-	-	1,863,788	-	1,863,788
Interest on long-term debt	75,644	-	-	-	(75,644)	-	(75,644)
Total governmental activities	12,401,350	3,692,184	521,873	1,314,488	(6,872,805)	-	(6,872,805)
Business-type activities							
Water	5,842,464	7,236,064	-	5,753,221	-	7,146,821	7,146,821
Sewer	2,319,008	2,353,120	-	75,162	-	109,274	109,274
Total business-type activities	8,161,472	9,589,184	-	5,828,383	-	7,256,095	7,256,095
Total government	\$ 20,562,822	\$ 13,281,368	\$ 521,873	\$ 7,142,871	(6,872,805)	7,256,095	383,290
General Revenues							
Taxes:							
Property taxes					1,548,611	-	1,548,611
Occupational					3,965,151	-	3,965,151
Insurance premium					2,466,790	-	2,466,790
Franchise fees/permits					707,304	-	707,304
Investment earnings					-	91,257	91,257
Gain (loss) on sale of assets					114,672	7,582	122,254
Other income					1,016,358	15,749	1,032,107
Transfers					-	-	-
Total General Revenue and Special Items					9,818,886	114,588	9,933,474
Change in Net Position					2,946,080	7,370,683	10,316,763
Net Position - Beginning					1,184,538	32,166,059	33,350,597
Net Position - Ending					\$ 4,130,618	\$ 39,536,742	\$ 43,667,360

See accompanying notes to financial statements.

CITY OF CAMPBELLVILLE, KENTUCKY  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2025

	General	Special Revenue	Totals - Memorandum Only June 30, 2025
<b>Assets and resources:</b>			
Cash and cash equivalents	\$ 6,272,700	\$ -	\$ 6,272,700
Receivables (net of allowances)			
Accounts, general	1,975,207	-	1,975,207
State of Kentucky	8,842	-	8,842
Other	366,636	14,382	381,018
Interfund receivable	-	-	-
Restricted cash	3,413,793	-	3,413,793
Total assets and resources	\$12,037,178	\$ 14,382	\$12,051,560
<b>Liabilities and fund balance:</b>			
Accounts payable	\$ 128,751	\$ 14,382	\$ 143,133
Accrued payroll and related expenses	272,082	-	272,082
Accounts payable from restricted assets	88,544	-	88,544
Unearned revenue	-	-	-
Total liabilities	489,377	14,382	503,759
<b>Fund balance</b>			
Unassigned fund balance	11,547,801	-	11,547,801
Total fund balance	11,547,801	-	11,547,801
Total liabilities and fund balance	\$12,037,178	\$ 14,382	\$12,051,560

See accompanying notes to financial statements.

CITY OF CAMPBELLVILLE, KENTUCKY  
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET POSITION  
June 30, 2025

Total fund balance per fund financial statements	\$11,547,801
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets are not reported in this fund financial statement because they are not current financial resource, but they are reported in the statement of net position.

Capital Assets, Net	\$ 6,821,224	6,821,224
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Deferred outflows, deferred inflows and 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.

Deferred Outflows	3,782,397	
Deferred Inflows	(5,662,940)	
Net OPEB liability	(135,206)	
Net pension liability	(10,450,266)	
Long-Term Debt Payable	<u>(1,772,392)</u>	(14,238,407)

Rounding	<u>-</u>
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Net position for governmental activities	<u><u>\$ 4,130,618</u></u>
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CITY OF CAMPBELLSVILLE, KENTUCKY  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
For the Year Ended June 30, 2025

	Governmental Fund Types		Totals - Memorandum Only June 30,
	General	Special Revenue	2025
Revenues			
Taxes			
Occupational tax	\$ 3,965,151	\$ -	\$ 3,965,151
Property	1,548,611	-	1,548,611
Insurance premium	2,466,790	-	2,466,790
Franchise fees/permits	707,304	-	707,304
Intergovernmental revenues	506,287	1,330,074	1,836,361
Charges for services	3,692,184	-	3,692,184
Other Income	1,016,358	-	1,016,358
Total revenues	<u>13,902,685</u>	<u>1,330,074</u>	<u>15,232,759</u>
Expenditures			
General government	4,044,238	1,280,540	5,324,778
Public safety:			
Police	2,082,564	49,534	2,132,098
Communication	1,038,722	-	1,038,722
Fire/ rescue	1,376,124	-	1,376,124
Planning and codes	-	-	-
Public Works	1,507,776	-	1,507,776
Sanitation and landfill	-	-	-
EMS	2,547,033	-	2,547,033
Debt service			
Principal retirement	405,718	-	405,718
Interest and fiscal charges	39,995	-	39,995
Total expenditures	<u>13,042,170</u>	<u>1,330,074</u>	<u>14,372,244</u>
Excess revenues over (under) expenditures	860,515	-	860,515
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Sale of fixed assets	114,672	-	114,672
Total other financing sources (uses)	<u>114,672</u>	<u>-</u>	<u>114,672</u>
Excess of revenues and other sources over (under) expenditures and other uses	975,187	-	975,187
Fund balances - beginning of year	<u>10,572,614</u>	<u>-</u>	<u>10,572,614</u>
Fund balances - end of year	<u>\$ 11,547,801</u>	<u>\$ -</u>	<u>\$ 11,547,801</u>

See accompanying notes to financial statements.

CITY OF CAMPBELLVILLE, KENTUCKY  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2025

Net change in total fund balances per fund financial statements \$ 975,187

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

Capital outlays are reported as expenditures in the fund financial statements because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which depreciation expense exceeds capital outlays for the year.

Depreciation Expense	\$ (771,808)	
	<u>585,025</u>	(186,783)

The Proceeds from debt are not reported in this fund financial statement but they are presented as liabilities in the statement of net assets.

Proceeds from Long-Term Debt (net of bond discount)	(211,758)
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In the statement of activities the net gain on the sale/disposal of assets is reported, whereas in the governmental funds the proceeds from the sale increases financial resources. Thus the change in net assets differs from the change in fund balances by the cost of the assets sold/disposed.

Gain/(Loss) on Sale/Disposal of Assets	<u>-</u>	978
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Generally, expenditures in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.

Net OPEB liability	58,534	
Net pension liability	548,179	
Bond discount	(993)	
Deferred outflows of resources	(777,516)	
Deferred inflows of resources	<u>2,092,052</u>	1,920,256

Debt service payments are recognized as expenditures of current financial resources in the governmental fund financial statement but are reductions of liabilities in the statement of net assets.

Note Payments	83,145	
Bond Payments	50,000	
Lease Payments	<u>315,055</u>	448,200

Rounding	<u>-</u>
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Change in net position of governmental activities	<u><u>\$ 2,946,080</u></u>
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CITY OF CAMPBELLSVILLE, KENTUCKY  
 PROPRIETARY FUND  
 CAMPBELLSVILLE MUNICIPAL WATER AND SEWER SYSTEM  
 STATEMENT OF NET POSITION  
 June 30, 2025

Assets:	
Current assets:	
Cash and cash equivalents	\$ 2,635,352
Accounts receivable - trade (net of allowance)	655,973
Accounts receivable - other	99,488
Inventory	970,413
Restricted cash and cash equivalents	7,665,399
Total current assets	<u>12,026,625</u>
Noncurrent assets:	
Land and construction in progress	3,823,409
Capital assets net of accumulated depreciation	43,710,902
Net OPEB asset	<u>0</u>
Total noncurrent assets	<u>47,534,311</u>
Total assets	<u>59,560,936</u>
Deferred outflows of resources:	
Debt Refunding	7,811
CERS - OPEB	336,422
CERS - OPEB contributions	32,856
CERS - Pension	624,891
CERS - Pension contributions	427,265
Total deferred outflows of resources	<u>1,429,245</u>
Liabilities:	
Current liabilities:	
Accounts payable - trade	606,391
Accrued payroll and related expenses	129,339
Customer deposits	47,446
Accrued interest	28,342
Current portion of lease liabilities	224,768
Current portion of notes payable	656,598
Current portion of bonds payable	134,000
Current portion of compensated absences	47,753
Total current liabilities	<u>1,874,637</u>
Noncurrent liabilities:	
Noncurrent portion of notes payable	8,874,315
Noncurrent portion of lease liabilities	234,222
Noncurrent portion of bonds payable	3,950,000
Noncurrent portion of compensated absences	240,174
Net OPEB liability	(121,207)
Net pension liability	4,186,356
Total noncurrent liabilities	<u>17,363,860</u>
Total liabilities	<u>19,238,497</u>

See accompanying notes to financial statements.

CITY OF CAMPBELLSVILLE, KENTUCKY  
 PROPRIETARY FUND  
 CAMPBELLSVILLE MUNICIPAL WATER AND SEWER SYSTEM  
 STATEMENT OF NET POSITION, CONTINUED  
 June 30, 2025

Deferred inflows of resources:	
Bond Premium	\$ 106,057
CERS - OPEB	1,299,344
CERS - pension	<u>809,541</u>
Total deferred inflows of resources	2,214,942
Net position	
Net investment in capital assets	33,460,408
Restricted for:	
Debt service	7,665,399
Employee benefits	142,437
Unrestricted	<u>(1,731,502)</u>
Total net position	<u><u>\$ 39,536,742</u></u>

See accompanying notes to financial statements.

CITY OF CAMPBELLSVILLE, KENTUCKY  
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES  
 IN FUND NET POSITION - PROPRIETARY FUND  
 For the Year Ended June 30, 2025

	Business-Type Activities Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 7,402,272	\$ 2,352,645	\$ 9,754,917
Service charges and other	0	474	474
Total operating revenues	<u>7,402,272</u>	<u>2,353,119</u>	<u>9,755,391</u>
Operating expenses:			
Personal service	1,801,783	1,046,239	2,848,022
Contractual service	256,089	210,258	466,347
Supplies and materials	634,457	64,811	699,268
Operational	1,529,275	449,858	1,979,133
Depreciation and amortization	1,628,764	547,667	2,176,431
Total operating expenses	<u>5,850,368</u>	<u>2,318,833</u>	<u>8,169,201</u>
Operating income (loss)	1,551,904	34,286	1,586,190
Non-operating revenues(expenses):			
Interest revenue	91,257	-	91,257
Interest expense and fiscal charges	(154,117)	-	(154,117)
Gain/(loss) on disposition of assets	7,582	-	7,582
Grants	5,547,905	-	5,547,905
Total non-operating revenue (expenses)	<u>5,492,627</u>	<u>-</u>	<u>5,492,627</u>
Net income (loss) before capital contributions and transfers	7,044,531	34,286	7,078,817
Capital contributions	205,316	86,550	291,866
Transfers	-	-	-
Total capital contributions and grants	<u>205,316</u>	<u>86,550</u>	<u>291,866</u>
Change in net position	7,249,847	120,836	7,370,683
Net position - beginning of year	<u>30,554,277</u>	<u>1,611,782</u>	<u>32,166,059</u>
Net position - end of year	<u>\$ 37,804,124</u>	<u>\$ 1,732,618</u>	<u>\$ 39,536,742</u>

See accompanying notes to financial statements.

CITY OF CAMPBELLVILLE, KENTUCKY  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
For the Year Ended June 30, 2025

Cash flows from operating activities:	
Cash received from customers	\$ 9,680,108
Cash payments to employees for services	(3,480,830)
Customer deposits received	1,011
Customer deposits returned	-
Cash payments to suppliers for goods and services	(3,446,617)
Net cash provided/(used) by operating activities	<u>2,753,672</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets and construction in progress	(3,669,401)
Grants received	5,547,905
Disposal of capital assets net of gain	137,433
Increase in debt	288,565
Principal paid on bonds and notes	(1,068,669)
Interest paid on debt	(163,297)
Contributed capital	291,866
Transfers	-
Net cash provided/(used) by capital and related financing activities	<u>1,364,402</u>
Cash flows from investing activities:	
Interest	91,257
Net cash provided/(used) by investing activities	<u>91,257</u>
Net increase/(decrease) in cash and cash equivalents	4,209,331
Cash and cash equivalents – beginning of year	6,091,420
Cash and cash equivalents – end of year	<u>\$ 10,300,751</u>
Reconciliation of cash and cash equivalents to the statement of net position	
Cash and cash equivalents	\$ 2,635,352
Restricted cash and cash equivalents	7,665,399
Total cash and cash equivalents	<u>\$ 10,300,751</u>
Reconciliation of operating income (loss) to net cash provided/(used) for operating activities:	
Operating income (loss)	\$ 1,586,190
Adjustments to reconcile operating income/(loss) to net cash provided/ (used) for operating activities:	
Depreciation and amortization	2,176,431
Change in Assets and Liabilities:	
(Increase)/decrease in accounts receivable	(75,283)
(Increase)/decrease in deferred outflows	267,397
(Increase)/decrease in inventory	(301,869)
Increase/(decrease) in accounts payable	-
Increase/(decrease) in salaries and accrued w/h taxes	(111,427)
Increase/(decrease) in compensated absences	(14,887)
Increase/(decrease) in customer deposits	1,011
Increase/(decrease) in net OPEB liability	(29,451)
Increase/(decrease) in net pension liability	(78,184)
Increase/(decrease) in deferred inflows	(666,256)
Total reconciling adjustments	<u>1,167,482</u>
Net cash provided/ (used) by operating activities	<u>\$ 2,753,672</u>

See accompanying notes to financial statements.

CITY OF CAMPBELLSVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Campbellsville, Kentucky operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police, fire and rescue), streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of the City have been prepared to conform to generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting policies and practices used by the City are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements consist of the statement of net position and the statement of activities. For the most part, the effect of inter-fund activity has been removed from these statements. Certain eliminations have been made as prescribed by GASB Statement No 34 in regards to inter-fund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the City's assets and liabilities, with the difference reported as net position. Net position is reported in three categories.

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

*Restricted net position* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

None of the net position is restricted by enabling legislation.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity including special assessments. Taxes and other items not properly included among program revenues are reported instead as general revenues.

*Fund financial statements* consist of a series of statements focusing on information about the City's major governmental and proprietary funds. Separate financial statements are provided for governmental funds, and proprietary funds.

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, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF CAMPBELLSVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Property taxes are recognized as revenue in the year for which they have been levied, provided they are collected within 60 days after year-end.

The City has the following governmental funds:

The *General Fund* is the main operating fund of the City. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the City.

The *Special Revenue Fund* account for proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to disbursements for specific purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds.

The City has the following major proprietary funds:

Campbellsville Municipal Water and Sewer System

*Enterprise Funds* are used to account for operations (A) which are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (B) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability or other purposes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues 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 revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities and Net Position

*Deposits and Investments* - The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with an original maturity of three months or less from the date of acquisition. Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, federally insured savings accounts and certificates of deposits. Investments are carried at fair value. Deposits are carried at cost plus accrued interest. At June 30, 2025, the City has no investments.

*Property Taxes* - Property taxes are assessed on January 1 and levied on the subsequent November 1 for the fiscal year beginning on the levy date, at which time a lien is attached. These taxes are due and payable on November 1. All unpaid taxes levied November 1 become delinquent January 1 of the following year. Property tax is accounted for using the modified accrual basis of accounting.

CITY OF CAMPBELLSVILLE, KENTUCKY  
 NOTES TO FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

*Accounts Receivable and Unbilled Usage* - Accounts receivable are recorded at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

Activity between funds outstanding at the end of the fiscal year is referred to as either “due to/from other funds” or “advances to/from other funds”. All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

*Due From Other Governments* - Due from other governments represents various shared revenues, grants, and reimbursements from other governments. Federal grant revenue is recognized when expenditures for the purpose of the grant have been incurred in the government-wide financial statements and as long as it meets the measurable and available criteria in the governmental fund statements.

*Allowance for Doubtful Accounts* – The Campbellsville Water & Sewer Company’s valuation method of estimating the allowance for doubtful accounts is based upon a percentage (3%) of total sales. The allowance for doubtful accounts for Campbellsville Water and Sewer Company at June 30, 2025 was \$292,662.

*Inventories and Prepaid Items* - Inventories of materials and supplies in the proprietary fund types are stated at cost (first-in, first-out). Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items.

*Restricted Assets* - Funds set aside for the payment of City enterprise revenue bonds are classified as restricted assets because their use is restricted by applicable bond indentures. Other restricted assets include funds for customer deposits restricted for application to unpaid customer accounts or for refund to customers. When both restricted and unrestricted resources are available for use, it is the City’s policy to use unrestricted resources first, and then restricted resources as they are needed.

*Capital Assets* - Capital assets, which include property, plant, equipment and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. All land is reported regardless of cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the City and its proprietary fund are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Improvements other than buildings	5-40
Equipment	5-20
Meters	10-20
Storm/sanitary sewer	30-75
System infrastructure	20-75

*Compensated Absences* - The Proprietary Fund (Campbellsville Water and Sewer) employees accumulate a limited amount of earned but unused sick leave hours for subsequent use or for payment upon termination, retirement, or death. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the Water Company’s past experience of making termination payments. The compensated absences liability, if any, has been computed based on rates of pay in effect as of June 30, 2025. The entire compensated absence liability is reported on the government-wide financial statements.

CITY OF CAMPBELLSVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

*Long-Term Obligations* - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The Campbellsville Municipal Water and Sewer System provide the annual debt service requirements on certain water and sewer revenue bonds issued by the City on behalf of the system to finance system improvements. Since the Campbellsville Municipal Water and Sewer System provides the annual debt service the bonds are considered to be obligations of the Campbellsville Municipal Water and Sewer System and are payable from the sale of water and sewer service provided to customers of the system, and have been reported on the balance sheet of the Campbellsville Municipal Water and Sewer System.

Postemployment Benefits Other Than OPEBs (OPEB)

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Kentucky Retirement System (CERS) and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Fund Balance Reserves

Beginning with fiscal year 2011, the City implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance- amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balances- 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 fund balance- amounts constrained to specific purposes by the City itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the City takes the action to remove or change the constraint;
- Assigned fund balance- amounts the City intends to use for specific purpose (such as encumbrances); intent can be expressed by the City or by an official or body to which the City delegates the authority;
- Unassigned fund balances- amounts that are available for any purpose; positive amounts are reported only in the General Fund.

When expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in its commitment or assignment actions.

*Statement of Cash Flows—Cash Equivalents* - For purposes of the statement of cash flows for the proprietary funds, all short-term cash investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase they have a maturity date no longer than three months.

CITY OF CAMPBELLSVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025

NOTE 2: BUDGET AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The City of Campbellsville does not use encumbrance accounting.

Budgets were adopted for the following funds in accordance with generally accepted accounting principles (GAAP), compliance with federal and state programs and in accordance with the laws and regulations of the City:

General Fund  
Special Revenue

A comparison of the budget with statements of actual revenues and expenditures, including budget variances, for the General Fund is included in the required supplemental information. Budget comparisons for the budgeted non-major funds are included in other supplemental information. The Community Development Block Grant Fund has been budgeted over the life of the projects and, therefore, their financial activity has been omitted from the budget statement.

NOTE 3: DEPOSITS AND INVESTMENTS

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s policy is to have all deposits secured by pledged securities.

At June 30, 2025, the carrying amount of the City’s cash and cash equivalents (cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less) was \$9,686,493 while the bank statements totaled \$9,778,838. Of the total bank balances, \$750,000 was insured by FDIC; collateral agreements were executed and collateral, with a FMV of \$7,615,417 was pledged and held by the pledging bank’s trust departments in the City’s name for the purpose of securing deposits. At June 30, 2025, all of the City’s deposits were insured.

At June 30, 2025, the carry amount of the Water Company’s cash and cash equivalents was \$10,300,751, while the bank statements totaled \$10,615,653. Of the total bank balances, \$750,000 was insured by FDIC; collateral agreements were executed and collateral, with a FMV of \$10,619,315 was pledged and held by the pledging bank’s trust departments in the Water Company’s name. At June 30, 2025, all of the Water Company’s deposits insured.

Due to the nature of the accounts and certain limitations on the use of the funds, each bank account within the following funds is considered to be restricted.

A detail of the City’s restricted cash is reported as follows:

	<u>Business Type</u>	<u>Governmental</u>
HB-1 Funds	\$ 4,582,335	-
Debt Reserve Account	1,503,606	-
Construction Account	184,847	-
Depreciation Replacement Account	380,088	-
USDA Reserve	142,639	-
Forcht Bank KIA Reserve Account	623,934	-
2023 WTP & WWTP Improvements	56,292	-
Customer Performance Deposit	20,111	-
Customer Escrow Security Deposit	29,110	-
Flexible Spending Account	4,594	25,208
HRA Insurance Account	-	-
Self-Insured Account	137,843	334,784
Bond Escrow Account	-	-
Bond Escrow Account	-	32,809
ARP Funds	-	3,020,991
Healing Place	-	1
	<u>\$ 7,665,399</u>	<u>\$ 3,413,793</u>

CITY OF CAMPBELLVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025

NOTE 4: CAPITAL ASSETS

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets tangible in nature, with an initial cost of more than \$1,000 and an estimated useful life in excess of two years. In the proprietary fund, a \$2,000 capitalization level is used for water and sewer line extensions. Assets are reported as historical cost or estimated historical cost of purchased or constructed. Donated capital assets are reported at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed.

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

	Balance at Beginning of Year	Transfers and Additions	Transfers and Deductions	Balance at End of Year
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>Capital Assets, Not Being Depreciated</b>				
Land	\$ 2,576,613	\$ 14,928	\$ -	\$ 2,591,541
Construction In Progress	-	-	-	-
Total Capital Assets, Not Being Depreciated	<u>2,576,613</u>	<u>14,928</u>	<u>-</u>	<u>2,591,541</u>
<b>Capital Assets Being Depreciated</b>				
Buildings and Improvements	6,135,634	-	-	6,135,634
General Equipment and Vehicles	13,817,753	570,083	95,971	14,291,865
Total Capital Assets Being Depreciated	<u>19,953,387</u>	<u>570,083</u>	<u>95,971</u>	<u>20,427,499</u>
<b>Less: Accumulated Depreciation</b>				
Buildings and Improvements	3,641,719	97,752	-	3,739,471
General Equipment and Vehicles	11,880,260	674,056	95,971	12,458,345
Total Accumulated Depreciation	<u>15,521,979</u>	<u>771,808</u>	<u>95,971</u>	<u>16,197,816</u>
Total Capital Assets Being Depreciated, Net	<u>4,431,408</u>	<u>(201,725)</u>	<u>-</u>	<u>4,229,683</u>
Governmental Activities Capital Assets - Net	<u>\$ 7,008,021</u>	<u>\$ (186,797)</u>	<u>\$ -</u>	<u>\$ 6,821,224</u>

CITY OF CAMPBELLVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025

NOTE 4: CAPITAL ASSETS, CONTINUED

	Balance at Beginning of Year	Transfers and Additions	Transfers and Deductions	Balance at End of Year
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>Capital Assets, Not Being Depreciated</b>				
Land	\$ 758,368	\$ -	\$ -	\$ 758,368
Construction In Progress	776,078	2,735,392	446,429	3,065,041
Total Capital Assets, Not Being Depreciated	<u>1,534,446</u>	<u>2,735,392</u>	<u>446,429</u>	<u>3,823,409</u>
<b>Capital Assets Being Depreciated</b>				
Source of Supply	6,557,361	381,003	158,666	6,779,698
Buildings & Improvements	18,236,122	624,214	-	18,860,336
Machinery and Equipment	2,014,776	110,566	192,191	1,933,151
Water System	35,269,839	122,220	242,991	35,149,068
Sewer System	19,167,680	568,265	-	19,735,945
Total Capital Assets Being Depreciated	<u>81,245,778</u>	<u>1,806,268</u>	<u>593,848</u>	<u>82,458,198</u>
<b>Less: Accumulated Depreciation</b>				
Source of Supply	2,303,256	112,694	-	2,415,950
Buildings & Improvements	4,794,406	466,467	-	5,260,873
Machinery and Equipment	1,294,473	369,648	95,953	1,568,168
Water System	15,794,442	834,515	-	16,628,957
Sewer System	12,480,240	393,108	-	12,873,348
Total Accumulated Depreciation	<u>36,666,817</u>	<u>2,176,432</u>	<u>95,953</u>	<u>38,747,296</u>
Total Capital Assets Being Depreciated, Net	<u>44,578,961</u>	<u>(370,164)</u>	<u>497,895</u>	<u>43,710,902</u>
Business-Type Activities Capital Assets - Net	<u>\$ 46,113,407</u>	<u>\$ 2,365,228</u>	<u>\$ 944,324</u>	<u>\$ 47,534,311</u>

NOTE 5: OPERATING LEASES

As of June 30, 2025, the City had no operating leases.

NOTE 6: CAPITAL LEASES

The City has entered into agreements to lease various equipment and vehicles. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations.

The following schedule presents future minimum lease payments as of June 30, 2025.

Year Ending June 30:	City	Water & Sewer
2026	\$ 322,630	\$ 297,345
2027	263,914	287,580
2028	230,878	230,649
2029	53,797	52,660
2030	17,765	-
Thereafter	-	-
Total minimum lease payments	888,984	868,234
Less: Interest	(171,508)	(409,244)
Present Value of future minimum lease payments	<u>\$ 717,476</u>	<u>\$ 458,990</u>

Amortization of leased equipment and vehicles under capital assets is included with depreciation expense.

CITY OF CAMPBELLVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025

NOTE 7: LONG-TERM DEBT

Revenue Bonds

On December 4, 2017, the City Council approved a new inter-local agreement in which the City and County split the balance of the EDA debt equally at \$714,859 each. As a result of the new inter-local agreement, the City issued revenue bonds of \$745,000. Bond principal and interest will be paid annually beginning June 30, 2019 with interest ranging from 1.250% - 3.450%. The City will deposit funds into a sinking fund monthly held by BYN Mellon Bank for debt service.

The City of Campbellsville and Campbellsville Water and Sewer have issued revenue bonds for various projects for the City. As of June 30, 2024, revenue bonds reported as liabilities of the City are:

Series	Issue Amount	Maturity Date	Interest Rate	Year-end Balances	
				Governmental Activities	Business-type Activities
2013	1,650,000	2054	2.50%	-	1,407,500
2016	1,307,000	2055	1.88%	-	1,146,500
2020	1,850,000	2040	2.00% - 5.00%	-	1,530,000
2018A	735,000	2033	3.00% - 3.375%	445,000	-
<u>Total</u>				<u>445,000</u>	<u>4,084,000</u>
Amount due within one year				<u>\$ 50,000</u>	<u>\$ 134,000</u>

Notes Payable

The Campbellsville Water and Sewer Company's Downtown Water Line Project was funded with a loan administered by the Kentucky Infrastructure Authority. Exhibit A of the Project Specifics outlines the terms of financing up to \$1,218,750 to be paid with monthly installments including interest @ 1% beginning upon project completion. The balance of the loan at June 30, 2025 is \$700,271.

Campbellsville Water and Sewer completed construction of a one million gallon water storage tank, 40,000 linear feet of 12-inch transmission water main, and a 700 gallon water per minute booster pump station in the fiscal year ended June 30, 2018. This project enables the City of Campbellsville to sell potable water to the City of Lebanon. The project was financed by a 20 year loan with interest @ .75% from the Kentucky Infrastructure Authority. The balance of the loan at June 30, 2025 is \$2,344,716.

In March 2018, the Campbellsville Water and Sewer Company was awarded a final loan of \$7,952,099 financing a water treatment plant project. Terms of the loan require semi-annual payments of principal and interest @ .25% for 20 years. The balance of the loan at at June 30, 2025 is \$6,197,361.

The Campbellsville Water and Sewer Company financed the purchase of the Kentucky Utilities building with a note with Magnolia Bank. Terms of the note are bi-annual payments of \$19,728.26 including interest @ 1.983%. The balance of the loan at June 30, 2025 is \$288,565.

CITY OF CAMPBELLVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025

NOTE 7: LONG-TERM DEBT, CONTINUED

As of June 30, 2025, annual debt service requirements for the Enterprise Fund (Campbellsville Water and Sewer) activity loans to maturity are as follows:

Fiscal Year	Revenue Bonds		Notes Payable		Total
	Principal	Interest	Principal	Interest	
2026	134,000	105,800	656,597	54,979	951,376
2027	141,000	100,984	660,872	50,705	953,561
2028	147,500	95,484	665,240	46,337	954,561
2029	199,500	89,845	669,705	41,871	1,000,921
2030	256,500	81,372	674,273	37,303	1,049,448
2031-2035	831,500	311,849	3,424,100	113,956	4,681,405
2036-2040	837,000	227,331	2,576,443	22,470	3,663,245
2041-2045	457,000	150,417	203,683	255	811,355
2046-2050	533,500	96,162	-	-	629,662
2051-2055	546,500	33,052	-	-	579,552
Total	<u>\$ 4,084,000</u>	<u>\$ 1,292,297</u>	<u>\$ 9,530,913</u>	<u>\$ 367,876</u>	<u>\$ 15,275,086</u>

or Campbellsville Water and Sewer Company, no Interest was capitalized during the fiscal year ended June 30, 2024; interest incurred and charged to expense totaled \$166,432.

In December 2011, the City purchased approximately 180 acres of what was formerly known as the Dowell property and financed the purchase with a 240 month commercial installment note dated December 21, 2011 with Taylor County Bank for \$1,500,000. Monthly payments are \$8,866.54 a month including a current interest rate of 3.5%. The balance of the loan at June 30, 2025 is \$609,916.

As of June 30, 2025, annual debt service requirements for the governmental activity loans to maturity are as follows:

For the City, no interest was capitalized during the fiscal year ended June 30, 2025; interest incurred and charged to expense totaled \$94,901.

Fiscal Year	Principal	Interest	Principal	Interest	Total
2026	50,000	13,956	86,144	20,254	170,354
2027	50,000	12,456	89,251	17,147	168,854
2028	50,000	10,956	92,434	13,965	167,355
2029	55,000	9,456	95,804	10,594	170,854
2030	55,000	7,738	86,144	7,166	156,047
2031-2035	185,000	12,356	160,139	3,955	361,450
Total	<u>\$ 445,000</u>	<u>\$ 66,918</u>	<u>\$ 609,916</u>	<u>\$ 73,080</u>	<u>\$ 1,194,915</u>

CITY OF CAMPBELLVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025

NOTE 7: LONG-TERM DEBT, CONTINUED

Long-term liabilities for the year ended June 30, 2024 was as follows:

	Beginning Balance June 30, 2024	Additions	Reductions	Ending Balance June 30, 2025	Amount Due Within One Year
<b>Governmental Activities:</b>					
Notes Payable	\$ 693,061	\$ -	\$ 83,145	\$ 609,916	\$ 86,144
Lease Liabilities	820,773	211,758	315,055	717,476	262,226
Revenue Bonds Payable	495,000	-	50,000	445,000	50,000
Net Opeb Liability	193,740	-	58,534	135,206	-
Net Pension Liability	10,998,445	-	548,179	10,450,266	-
<b>Long-term Liabilities</b>	<b>\$ 13,201,019</b>	<b>\$ 211,758</b>	<b>\$ 1,054,913</b>	<b>\$ 12,357,864</b>	<b>\$ 398,370</b>
<b>Business-type Activities:</b>					
Revenue Bonds Payable	\$ 4,211,500	\$ -	\$ 127,500	\$ 4,084,000	\$ 134,000
Notes Payable	10,172,523	300,000	941,610	9,530,913	656,598
Lease Liabilities	758,550	-	299,560	458,990	224,768
Compensated Absences	302,814	-	14,887	287,927	47,753
Net Pension Liability	4,264,540	-	78,184	4,186,356	-
<b>Long-term Liabilities</b>	<b>\$ 19,709,927</b>	<b>\$ 300,000</b>	<b>\$ 1,461,741</b>	<b>\$ 18,548,186</b>	<b>\$ 1,063,119</b>

NOTE 8: PENSION AND RETIREMENT SYSTEMS

**General information about the County Employees retirement system Hazardous & Non-Hazardous (“CERS”)1,191,982**

*Plan description* – Employees of the City and Campbellsville Water and Sewer Company are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (“KRS”) Section 61.645, the Board of Trustees of the Kentucky Retirement administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

*Benefits provided* – CERS provides retirement, health insurance, death, and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years’ service. For retirement purposes, employees are grouped into three tiers, based on hire date:

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

CITY OF CAMPBELLSVILLE, KENTUCKY  
 NOTES TO FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2025

NOTE 8: PENSION AND RETIREMENT SYSTEMS, CONTINUED

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

Contributions – Required contributions by the employee are based on the tier:

	Required contribution
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

The City's contribution requirement for CERS for the years ended June 30, 2025, 2024, and 2023 was \$1,219,821, \$1,236,273, and \$1,239,642 from the City and \$300,903, \$212,963, and \$197,593 from employees. The total covered payroll for CERS during the years ended June 30, 2025, 2024 and 2023 was \$4,621,241, \$4,100,665, and \$4,259,264.

The Campbellsville Water and Sewer Company (Company) contribution requirement for CERS for the years ended June 30, 2025, 2024, and 2023 was \$427,265, \$514,725, and \$444,594 from the Company and \$124,791, \$94,999 and \$97,141 from employees. The total covered payroll for CERS during the years ended June 30, 2025, 2024 and 2023 was \$2,167,759, \$2,205,334, and \$1,899,973.

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

**City of Campbellsville**

At June 30, 2025, the City reported a liability of \$4,699,776 for its non-hazardous proportionate share of the net pension liability for CERS and a liability of \$5,750,490 for its hazardous proportionate share of the net pension liability for a total net pension liability for the City of \$10,450,266 at June 30, 2025. The net pension liability for each plan 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 for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2024, the City's non-hazardous proportion was .078586% percent and the City's hazardous proportion was .223580%.

CITY OF CAMPBELLSVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025

NOTE 8: PENSION AND RETIREMENT SYSTEMS, CONTINUED

For the year ended June 30, 2025, the City recognized pension expense of (137,861). At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 601,130	\$ -
Changes of assumptions	-	536,885
Net difference between projected and actual earnings on pension plan investments	640,862	1,249,949
Changes in proportion and differences between City contributions and proportionate share of contributions	364,731	502,047
City contributions subsequent to the measurement date	1,258,858	-
<b>Total</b>	<b>\$ 2,865,581</b>	<b>\$2,288,881</b>

\$1,258,858 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2026	(608,889)
2027	198,800
2028	(142,485)
2029	(129,584)

Campbellsville Water and Sewer

At June 30, 2025, Campbellsville Water and Sewer (Company) reported a liability of \$4,186,356 for its proportionate share of the net pension liability for CERS. The net pension liability for each plan 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 Company's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2024, the Company's proportion was 0.070001%.

CITY OF CAMPBELLSVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025

NOTE 8: PENSION AND RETIREMENT SYSTEMS, CONTINUED

For the year ended June 30, 2025, the Company recognized pension expense of \$246,970. At June 30, 2025, the Company reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 202,627	\$ -
Changes of assumptions	-	189,141
Net difference between projected and actual earnings on pension plan investments	287,509	556,669
Changes in proportion and differences between Company contributions and proportionate share of contributions	134,755	63,731
Company contributions subsequent to the measurement date	427,265	-
<b>Total</b>	<b>\$ 1,052,156</b>	<b>\$ 809,541</b>

\$427,265 reported as deferred outflows of resources related to pensions resulting from Company contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2026	(150,590)
2027	129,393
2028	(103,468)
2029	(59,985)

*Actuarial assumptions*—the total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2028
	2029
	CERS
Inflation	2.30%
Projected salary increases	3.30%-10.30%
Investment rate of return, net of	

The mortality table used for active members was Pub-2010 General Mortality table, for the Nonhazardous Plans, and the Pub-2010 Public Safety Mortality table for the Hazardous Plans, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for non-disabled 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 2010.

CITY OF CAMPBELLSVILLE, KENTUCKY  
 NOTES TO FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2025

NOTE 8: PENSION AND RETIREMENT SYSTEMS, CONTINUED

*Long-term rate of return:* The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the System. The most recent analysis, performed for the period covering the period July 1, 2013 – June 30, 2018. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

*Discount rate*—The projection of cash flows used to determine the discount rate of 6.25% assumes that the required employer contributions each future year, as determined 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. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR.

*Sensitivity of CERS proportionate share of net pension liability to changes in the discount rate*—The following table present the net pension liability of the City and the Campbellsville Water and Sewer Company, calculated using the discount rates selected by CERS, as well as what the City and the Campbellsville Water and Sewer Company's net pension liability 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.50%	6.50%	7.50%
City's proportionate share of net pension liability-non hazardous	\$6,058,779	\$ 4,699,776	\$3,572,161
City's proportionate share of net pension liability- hazardous	\$7,403,155	\$ 5,750,490	\$4,401,180
Campbellsville Water and Sewer's proportionate share of net pension liability	\$5,396,897	\$ 4,186,356	\$3,181,926

*Pension plan fiduciary net positions*—detailed information about the pension plan's fiduciary net position is available in the financial report of CERS.

**DEFERRED COMPENSATION:**

The City also offers employees the option to participate in a defined contribution plan under Section 403(B), 401(K) and 457 of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum amount allowable by law. The City does not contribute to these plans. For the year ended June 30, 2025, City employees contributed approximately \$36,715 to the plan and employees of the Campbellsville Water and Sewer contributed \$38,580 to the plan.

CITY OF CAMPBELLVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025

NOTE 9 - POST EMPLOYMENT BENEFIT PLAN

General Information about the OPEB Plan – CERS

Medical Insurance Plan

*Plan description* - Employees whose positions do not require a degree beyond a high school diploma are covered by the Kentucky Retirement Systems' Insurance Fund, a component of the cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute ("KRS") Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

*Benefits provided* – To be eligible for medical benefits, the member must have retired either for service or disability. The Kentucky Retirement Systems' Insurance Fund offers coverage for eligible members receiving benefits from KERS, CERS, and SPRS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance based on years of service.

*Contributions* – In order to fund the post-retirement healthcare benefit, for Tier 1 plan members (those participating prior to September 1, 2008) 5.26% of the gross annual payroll of members is contributed, all of which is paid by the District. For Tier 2 plan members (those participating on, or after September 1, 2008 and before January 1, 2014) an additional 1% of the gross annual payroll is contributed by the plan member. Tier 3 plan members (those whose participation began after January 1, 2014) also contribute an additional 1% of their annual payroll into a Cash Balance Plan. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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

City of Campbellville

At June 30, 2024, the City reported an asset of \$108,447 for its non-hazardous proportionate share of the net OPEB liability for CERS and a liability of \$302,187 for its hazardous proportionate share of the net OPEB liability for a total net OPEB liability for the City of \$193,740 at June 30, 2024. The net OPEB liability/asset for each plan was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2023, the City's non-hazardous proportion was .078547% percent and the City's hazardous proportion was .220859%.

CITY OF CAMPBELLSVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025

NOTE 9 - POST EMPLOYMENT BENEFIT PLAN, CONTINUED

For the year ended June 30, 2025, the City recognized OPEB revenue of \$135,206. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 148,951	\$ 2,063,551
Changes of assumptions	307,302	334,755
Net difference between projected and actual earnings on OPEB plan investments	281,175	575,815
Changes in proportion and differences between Company contributions and proportionate share of contributions	138,287	399,938
Company contributions subsequent to the measurement date	<u>33,154</u>	<u>-</u>
Total	<u>\$ 908,869</u>	<u>\$ 3,374,059</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$33,154 resulting from City contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

<u>Year Ended June 30:</u>	
2026	(921,498)
2027	(687,065)
2028	(693,845)
2029	(214,483)
2030	18,547

Campbellsville Water and Sewer

At June 30, 2025, Campbellsville Water and Sewer (Company) reported an asset of \$121,207

for its proportionate share of the net OPEB liability for CERS. The net OPEB liability for the plan was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Company's proportion of the net OPEB liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2024, the Company's proportion was 0.070070%.

CITY OF CAMPBELLSVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025

NOTE 9: POST EMPLOYMENT BENEFIT PLAN, CONTINUED

For the year ended June 30, 2025, the Company recognized OPEB revenue of \$263,523. At June 30, 2025, the Company reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 67,244	\$ 953,662
Changes of assumptions	109,828	85,524
Net difference between projected and actual earnings on OPEB plan investments	106,544	217,153
Changes in proportion and differences between Company contributions and proportionate share of contributions	52,806	43,005
Company contributions subsequent to the measurement date	32,856	-
Total	\$ 369,278	\$ 1,299,344

Of the total amount reported as deferred outflows of resources related to OPEB, \$32,856 resulted from Company contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Company's OPEB expense as follows:

Year Ended June 30:	
2026	(386,599)
2027	306,573
2028	(265,932)
2029	(3,818)

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

*Discount rate* - The discount rate used to measure the total OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF CAMPBELLSVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025

NOTE 9: POST EMPLOYMENT BENEFIT PLAN, CONTINUED

*Sensitivity of CERS proportionate share of net OPEB liability to changes in the discount rate*—The following table present the net OPEB liability of the City and the Campbellsville Water and Sewer Company,, calculated using the discount rates selected by each OPEB system, as well as what the City and the Campbellsville Water and Sewer Company’s net OPEB liability 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	4.99%	5.99%	6.99%
City's proportionate share of net OPEB liability-non hazardous	\$ 183,984	\$ (136,071)	\$ (405,174)
Campbellsville Water and Sewer's proportionate share of net OPEB liability	\$ 163,886	\$ (121,207)	\$ (360,914)
CERS - Hazardous	5.02%	6.02%	7.02%
City's proportionate share of net OPEB liability- hazardous	\$ 749,684	\$ 271,277	\$ (128,524)

*Sensitivity of the City's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates* – The following presents the City and the Campbellsville Water and Sewer Company’s proportionate share of the collective net OPEB liability, as well as what the City and the Campbellsville Water and Sewer Company’s proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
CERS	4.99%	5.99%	6.99%
City's net OPEB liability - non-hazardous	\$ (327,371)	\$ (136,071)	\$ 86,779
Campbellsville Water and Sewer's net OPEB liability	\$ (291,610)	\$ (121,207)	\$ 77,300
CERS - Hazardous	5.02%	6.02%	7.02%
City's proportionate share of net OPEB liability- hazardous	(42,054)	271,277	637,493

NOTE 10: RISK MANAGEMENT

The City of Campbellsville participates in the Kentucky Municipal Risk Management Association (KMRMA), to provide workers compensation and general liability and property insurance. The City along with other participating entities contributes annual amounts determined by KMRMA management. As claims arise they are submitted to and paid by KMRMA. There were no significant reductions in insurance coverage from the prior year.

NOTE 11: LANDFILL CLOSURE AND POSTCLOSURE CARE COST

In 2003 the Kentucky legislature passed House Bill No. 174 that provided for State assumption of responsibility for the costs of closure for formerly permitted municipal solid waste landfills. This was implemented as an amendment to KRS 224, Subchapter 43. The Kentucky Division of Waste Management has determined the City of Campbellsville’s landfill qualifies for assistance under this program. As a result of this legislation, the City will be required to incur some post-closure costs for monitoring and maintenance of the landfill. Neither the duration or exact costs for this monitoring period have been determined, therefore no estimate for post-closure costs have been accrued.

CITY OF CAMPBELLSVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025

NOTE 12: INTERLOCAL AGREEMENT

Effective July 1, 2019 the City entered into an agreement with the Taylor County Fiscal Court to provide emergency medical services, rescue services, dispatch and E-911 services for the entire geographical area of Taylor County. The County will maintain the land line tax imposed by County Ordinance and pay to the City all revenues generated from this tax. The County will pay to the City an annual sum of \$700,000 paid in quarterly payments. This will be done to insure that the County has paid one-half of the operating deficits for these services. Within a month after the fiscal year-end the City will reimburse any amount due to the county or request payment for any amount due.

Effective July 1, 2009 the City entered into an agreement with the Taylor County Fiscal Court for the County's occupational tax office to administer, collect, and distribute all receipts from the City of Campbellsville Occupational License fee ordinance for consideration of \$16,000 base pay plus FICA and retirement and one-fourth of the actual monthly general operating expenses of the Occupational Tax Office. These expenses include, but are limited to, supplies, bond, postage, phone, travel, conference training, and equipment, hardware and software. Additional part-time help during peak season and postage for initial mailing and notification of taxpayers and license holders at the inception of the tax will be paid 100% by the City.

Effective January 1, 2018 the City entered into a new agreement with the County and the Campbellsville – Taylor County Economic Authority (EDA) in which the County and City agreed to each pay one-half of the EDA's outstanding HCTP debt in full totaling \$714,859 each. The City and County will allot \$65,000 each toward debt service of the acquired debt and \$85,000 budgeted toward annual support to the EDA for operating expenses effective July 1, 2018.

NOTE 13: DEFICIT OPERATING/FUND BALANCES

There are no funds of the City that currently have a deficit fund balance. In addition, no funds had operations that resulted in a current year deficit of expenditures over revenues resulting in a corresponding reduction of fund balance.

NOTE 14: CHANGE IN ACCOUNTING PRINCIPLE

For 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, updating the recognition and measurement guidance for compensated absences, aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

NOTE 15: SUBSEQUENT EVENT

Management has reviewed subsequent events through March 16, 2026, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY SCHEDULES

CITY OF CAMPBELLSVILLE, KENTUCKY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - ACTUAL AND BUDGETED (GAAP BASIS)-  
 GOVERNMENTAL FUND TYPE  
 For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Revenues:</b>				
Taxes				
Occupational taxes	\$ 3,100,000	\$ 3,100,000	\$ 3,965,151	\$ 865,151
Property	1,407,500	1,407,500	1,548,611	141,111
Insurance	2,000,000	2,000,000	2,466,790	466,790
Franchise fees/permits	720,000	720,000	707,304	(12,696)
Intergovernmental revenues	704,813	704,813	506,287	(198,526)
Charges for service	3,197,100	3,197,100	3,692,184	495,084
Other income	1,063,390	1,063,390	1,016,358	(47,032)
<b>Total revenues</b>	<b>12,192,803</b>	<b>12,192,803</b>	<b>13,902,685</b>	<b>1,709,882</b>
<b>Expenditures:</b>				
General government	5,823,445	5,823,445	4,044,238	(1,779,207)
Public safety				
Police	2,196,440	2,196,440	2,082,564	(113,876)
Communication	1,082,200	1,082,200	1,038,722	(43,478)
Fire/ rescue	1,366,385	1,366,385	1,376,124	9,739
EMS/rescue	2,860,110	2,860,110	2,547,033	(313,077)
Public Works	1,525,813	1,525,813	1,507,776	(18,037)
Debt service	-	-	445,713	445,713
<b>Total expenditures</b>	<b>14,854,393</b>	<b>14,854,393</b>	<b>13,042,170</b>	<b>(1,812,223)</b>
Excess revenues over (uinder) expenditures	(2,661,590)	(2,661,590)	860,515	3,522,105
<b>Other financing sources (uses)</b>				
Transfer out	-	-	-	-
Sale of fixed assets	-	-	114,672	114,672
<b>Total other financing sources (used)</b>	<b>-</b>	<b>-</b>	<b>114,672</b>	<b>114,672</b>
Excess revenues and other sources				
Over (under) expenditures and other uses	(2,661,590)	(2,661,590)	975,187	3,636,777
Fund balance - beginning of year	2,661,590	2,661,590	10,572,614	7,911,024
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,547,801</u>	<u>\$ 11,547,801</u>

CITY OF CAMPBELLSVILLE KENTUCKY  
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE CERS NON-HAZARDOUS NET PENSION LIABILITY  
 June 30, 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability (asset)	0.078586%	0.078550%	0.085435%	0.094701%	0.104701%	0.107393%	0.099584%	0.094524%	0.096195%
City's proportionate share of the net pension liability (asset)	\$4,699,776	\$5,040,167	\$6,176,108	\$6,037,932	\$8,030,480	\$7,552,998	\$6,064,969	\$5,532,780	\$4,736,273
City's covered-employee payroll	\$2,529,606	\$2,377,372	\$1,942,811	\$2,525,422	\$2,840,413	\$2,933,564	\$2,588,564	\$2,469,141	\$2,398,850
City's proportionate share of the net pension liability (asset) as a percentage of it covered-employee payroll	185.79%	212.01%	317.90%	239.09%	282.72%	257.47%	234.30%	224.08%	197.44%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%

\*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CAMPBELLSVILLE KENTUCKY  
 SCHEDULE OF NON-HAZARDOUS CONTRIBUTIONS TO CERS  
 June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 547,920	\$ 590,410	\$ 556,305	\$ 442,572	\$ 487,406	\$ 548,200	\$ 459,843	\$ 374,824	\$ 344,445
Contributions in relation to the contractually required contribution	<u>(547,920)</u>	<u>(590,410)</u>	<u>(556,305)</u>	<u>(442,572)</u>	<u>(487,406)</u>	<u>(548,200)</u>	<u>(459,843)</u>	<u>(374,824)</u>	<u>(344,445)</u>
Contribution deficiency (excess)	<u>\$ -</u>								
City's covered-employee payroll	\$ 2,779,911	\$ 2,529,606	\$ 2,377,372	\$ 1,942,811	\$ 2,525,422	\$ 2,840,413	\$ 2,933,564	\$ 2,588,564	\$ 2,469,141
Contributions as a percentage of covered-employee payroll	19.71%	23.34%	23.40%	22.78%	19.30%	19.30%	15.68%	14.48%	13.95%

\*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CAMPBELLSVILLE KENTUCKY  
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE HAZARDOUS CERS NET PENSION LIABILITY  
 June 30, 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability (asset)	0.223580%	0.221008%	0.198567%	0.237368%	0.245224%	0.261711%	0.241376%	0.244415%	0.237719%
City's prportionate share of the net pension liability (asset)	\$ 5,750,490	\$ 5,958,278	\$6,059,187	\$6,319,114	\$7,393,573	\$7,229,231	\$5,837,575	\$5,468,244	\$4,079,111
City's covered-employee payroll	\$ 1,571,059	\$ 1,596,211	\$2,607,992	\$1,491,007	\$1,488,591	\$1,499,419	\$1,376,126	\$1,474,143	\$1,313,908
City's proportionate share of the net pension liability (asset) as a percentage of it covered-employee	366.03%	373.28%	232.33%	423.82%	496.68%	482.14%	424.20%	370.94%	310.46%
Plan fiduciary net position as a percentage of the total pension liability	57.05%	52.96%	47.11%	52.26%	44.11%	46.63%	49.26%	49.80%	53.95%

\*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CAMPBELLSVILLE KENTUCKY  
 SCHEDULE OF HAZARDOUS CONTRIBUTIONS TO CERS  
 June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 671,901	\$ 645,863	\$ 683,338	\$ 928,445	\$ 448,197	\$ 447,471	\$ 370,684	\$ 305,500	\$ 320,036
Contributions in relation to the contractually required contribution	<u>(671,901)</u>	<u>(645,863)</u>	<u>(683,338)</u>	<u>(928,445)</u>	<u>(448,197)</u>	<u>(447,471)</u>	<u>(370,684)</u>	<u>(305,500)</u>	<u>(320,036)</u>
Contribution deficiency (excess)	<u>\$ -</u>								
City's covered-employee payroll	\$ 1,841,330	\$ 1,571,059	\$ 1,596,211	\$ 2,607,992	\$ 1,491,007	\$ 1,488,591	\$ 1,499,419	\$ 1,376,126	\$ 1,474,143
Contributions as a percentage of covered-employee payroll	36.49%	41.11%	42.81%	35.60%	30.06%	30.06%	24.72%	22.20%	21.71%

\*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CAMPBELLSVILLE WATER AND SEWER  
SCHEDULE OF THE ENTERPRISE'S PROPORTIONATE SHARE OF THE CERS NET PENSION LIABILITY  
June 30, 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Company's proportion of the net pension liability (asset)	0.070001%	0.066462%	0.069299%	0.069504%	0.066139%	0.062658%	0.064556%	0.056676%	0.054060%
Company's proportionate share of the net pension liability (asset)	\$ 4,186,356	\$ 4,264,540	\$ 5,009,634	\$ 4,431,425	\$ 5,072,807	\$ 4,406,765	\$ 3,931,657	\$ 3,317,421	\$ 2,661,695
Company's covered-employee payroll	\$ 2,205,334	\$ 1,899,973	\$ 1,942,811	\$ 1,797,661	\$ 1,718,664	\$ 1,584,861	\$ 1,602,034	\$ 1,388,081	\$ 1,289,570
Company's proportionate share of the net pension liability (asset) as a percentage of it covered-employee	189.83%	224.45%	257.85%	246.51%	295.16%	278.05%	245.42%	238.99%	206.40%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	49.80%	55.50%

\*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CAMPBELLSVILLE WATER AND SEWER  
SCHEDULE OF CONTRIBUTIONS TO CERS  
June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 427,265	\$ 514,725	\$ 444,594	\$ 442,572	\$ 346,949	\$ 331,702	\$ 257,065	\$ 231,974	\$ 193,637
Contributions in relation to the contractually required contribution	(427,265)	(514,725)	(444,594)	(442,572)	(346,949)	(331,702)	(257,065)	(231,974)	(193,637)
Contribution deficiency (excess)	<u>\$ -</u>								
Company's covered-employee payroll	\$2,167,759	\$2,205,334	\$1,899,973	\$1,942,811	\$1,797,661	\$1,718,664	\$1,584,861	\$1,602,034	\$1,388,081
Contributions as a percentage of covered-employee payroll	19.71%	23.34%	23.40%	22.78%	19.30%	19.30%	16.22%	14.48%	13.95%

\*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CAMPBELLSVILLE, KENTUCKY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CERS  
For the Year Ended June 30, 2025

NOTE 1 – ACTUARIAL METHODS AND ASSUMPTIONS USED TO DETERMINE THE ACTUARIAL DETERMINED CONTRIBUTIONS FOR FISCAL YEAR 2025

The following actuarial methods and assumptions were used to determined contributions effective for fiscal year ending June 30, 2024 (the most current available):

Valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Asset valuation method	20% of the difference between the market value of assets and the expected acturarial value of assets is recognized
Amortization method	Level percent of pay
Amortization period	22 years, closed
Remaining amortization period	26 years, closed
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50%-7.20%
Mortality	RP-2000 Combined Mortality Table, projected to 2013 with scale BB (set back 1 year for females)
Healthcare cost trend rates:	
Pre - 65	7.50% for FYE 2018 decreasing to an ultimate rate of 5.00% by FYE 2024

CITY OF CAMPBELLSVILLE KENTUCKY  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE CERS NON-HAZARDOUS NET OPEB LIABILITY  
June 30, 2025

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's proportion of the net OPEB liability (asset)	0.078663%	0.078547%	0.085421%	0.094679%	0.104679%	0.107365%
City's proportionate share of the net OPEB liability (asset)	\$ (136,071)	\$ (108,447)	\$ 1,685,795	\$ 1,812,582	\$ 2,527,680	\$ 1,805,831
City's covered-employee payroll	\$ 2,529,606	\$ 2,377,372	\$ 1,942,811	\$ 2,525,422	\$ 2,840,413	\$ 2,933,564
City's proportionate share of the net OPEB liability (asset) as a percentage of it covered-employee payroll	-5.38%	-4.56%	86.77%	71.77%	88.99%	61.56%
Plan fiduciary net position as a percentage of the total OPEB liability	104.89%	104.23%	60.95%	62.91%	51.67%	60.44%

\*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CAMPBELLSVILLE KENTUCKY  
 SCHEDULE OF NON-HAZARDOUS CONTRIBUTIONS TO CERS - OPEB  
 June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ -	\$ -	\$ 80,593	\$ 56,039	\$ 120,210	\$ 135,204
Contributions in relation to the contractually required contribution	-	-	(80,593)	(56,039)	(120,210)	(135,204)
Contribution deficiency (excess)	<u>\$ -</u>					
City's covered-employee payroll	\$2,779,911	\$2,529,606	\$2,377,372	\$1,942,811	\$2,525,422	\$2,840,413
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	3.39%	2.88%	4.76%	4.76%

\*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CAMPBELLSVILLE KENTUCKY  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE HAZARDOUS CERS NET OPEB LIABILITY  
June 30, 2025

	2024	2023	2022	2021	2020	2019
City's proportion of the net OPEB liability (asset)	0.223637%	0.220859%	0.198564%	0.237368%	0.245251%	0.261660%
City's proportionate share of the net OPEB liability (asset)	\$ 271,277	\$ 302,187	\$ 1,691,340	\$ 1,919,261	\$ 2,266,378	\$ 1,935,917
City's covered-employee payroll	\$ 1,571,059	\$ 1,596,211	\$ 2,607,992	\$ 1,491,007	\$ 1,488,591	\$ 1,499,419
City's proportionate share of the net pension OPEB (asset) as a percentage of it covered-employee payroll	17.27%	18.93%	64.85%	128.72%	152.25%	129.11%
Plan fiduciary net position as a percentage of the total OPEB liability	93.53%	92.27%	64.13%	66.81%	58.84%	64.44%

\*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CAMPBELLSVILLE KENTUCKY  
 SCHEDULE OF HAZARDOUS CONTRIBUTIONS TO CERS - OPEB  
 June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 39,036	\$ 40,533	\$ 108,223	\$ 227,678	\$ 141,944	\$ 141,714
Contributions in relation to the contractually required contribution	<u>(39,036)</u>	<u>(40,533)</u>	<u>(108,223)</u>	<u>(227,678)</u>	<u>(141,944)</u>	<u>(141,714)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,841,330	\$ 1,571,059	\$ 1,596,211	\$ 2,607,992	\$ 1,491,007	\$ 1,488,591
Contributions as a percentage of covered-employee payroll	2.12%	2.58%	6.78%	8.73%	9.52%	9.52%

\*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CAMPBELLSVILLE WATER AND SEWER  
SCHEDULE OF THE ENTERPRISE'S PROPORTIONATE SHARE OF THE CERS NET OPEB LIABILITY  
June 30, 2025

	2024	2023	2022	2021	2020	2019
Company's proportion of the net OPEB liability (asset)	0.070070%	0.066459%	0.069287%	0.069488%	0.066120%	0.062642%
Company's proportionate share of the net OPEB liability (asset)	\$ (121,207)	\$ (91,756)	\$ 1,367,388	\$ 1,330,313	\$ 1,596,597	\$ 1,053,610
Company's covered-employee payroll	\$ 2,205,334	\$ 1,899,973	\$ 1,942,811	\$ 1,797,661	\$ 1,718,664	\$ 1,584,861
Company's proportionate share of the net OPEB liability (asset) as a percentage of it covered-employee payroll	-5.50%	-4.83%	70.38%	74.00%	92.90%	66.48%
Plan fiduciary net position as a percentage of the total OPEB liability	104.89%	104.23%	60.95%	62.91%	51.67%	60.44%

\*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CAMPBELLSVILLE WATER AND SEWER  
SCHEDULE OF CONTRIBUTIONS TO CERS - OPEB  
June 30, 2025

	2025	2024	2023	2022	2021	2020
Contractually required contribution	\$ -	\$ -	\$ 64,409	\$ 81,015	\$ 85,569	\$ 81,808
Contributions in relation to the contractually required contribution	-	-	(64,409)	(81,015)	(85,569)	(81,808)
Contribution deficiency (excess)	<u>\$ -</u>					
District's covered-employee payroll	\$ 2,167,759	\$ 2,205,334	\$ 1,899,973	\$ 1,942,811	\$ 1,797,661	\$ 1,718,664
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	3.39%	4.17%	4.76%	4.76%

\*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CAMPBELLSVILLE, KENTUCKY  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – CERS OPEB  
 For the Year Ended June 30, 2025

NOTE 1 – ACTUARIAL METHODS AND ASSUMPTIONS USED TO DETERMINE THE ACTUARIAL DETERMINED CONTRIBUTIONS FOR FISCAL YEAR 2025

The following actuarial methods and assumptions, for actuarially determined contributions effective for the fiscal year ending June 30, 2024 (the most current available):

Valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method	Level percent of pay
Amortization period	22 years, closed
Remaining amortization period	26 years, closed
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50%-7.20%
Mortality	RP-2000 Combined Mortality Table, projected to 2013 with scale BB (set back 1 year for females)
Healthcare cost trend rates:	
Pre - 65	7.50% for FYE 2018 decreasing to an ultimate rate of 5.00% by FYE 2024
Post - 65	5.50% for FYE 2018 decreasing to an ultimate rate of 5.00% by FYE 2021

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF CAMPBELLSVILLE, KENTUCKY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN	Pass-Through Grantors Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Passed Through Lake Cumberland Area Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	unavailable	\$ 200,000
Total U.S. Department of Housing and Urban Development			200,000
<u>U.S. Department of Transportation</u>			
Passed Through the Kentucky Transportation Cabinet National Priority Safety Programs	20.616	PT-2025-00-00-15	26,359
Total U.S. Department of Transportation			26,359
<u>U.S. Department of Treasury</u>			
Passed Through the KY Department of Local Governments Coronavirus Relief Fund	21.019	unavailable	1,021,308
Total U.S. Department of Treasury			1,021,308
<u>Executive Office of the President</u>			
Passed Through the Office of National Drug Control Policy High Intensity Drug Trafficking Areas Program	95.001	G24AP0001A	8,910
High Intensity Drug Trafficking Areas Program	95.001	G25AP0001A	8,972
Total Executive Office of the President			17,882
Total Federal Financial Assistance			\$ 1,265,549

CITY OF CAMPBELLVILLE, KENTUCKY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2025

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Campbellville, Kentucky under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operation of the City of Campbellville, Kentucky, it is not intended to and does not present the financial position or cash flows of the City of Campbellville, Kentucky.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the schedule are reported on the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds. Such expenditures are recognized following the cost principle contained in the 2 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3 – INDIRECT COST RATE

The City of Campbellville, Kentucky has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – SUBRECIPIENTS

There were no sub recipients during the fiscal year.

CITY OF CAMPBELLSVILLE, KENTUCKY  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended June 30, 2025

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of audit issued: Qualified

Internal control over financial reporting

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiencies identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes   X   None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

**Federal Awards**

Internal control over major programs?

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiencies identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes   X   None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) \_\_\_\_\_ Yes   X   No

Identification of major programs

Federal ALN

Name of Federal Program or Cluster

21.019

U.S Department of Treasury  
 Passed-through the KY Department of Local Governments  
  
 Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs

\$750,000

Auditee qualified as low-risk auditee?   X   Yes \_\_\_\_\_ No

**Section II - Financial Statement of Findings**

No matters were reported

**Section III - Federal Award Findings and Questioned Costs**

No matters were reported

OTHER SUPPLEMENTARY INFORMATION

CITY OF CAMPBELLSVILLE, KENTUCKY  
BALANCE SHEET - SPECIAL REVENUE FUNDS  
June 30, 2025

	Special Revenue	Totals- Memorandum Only June 30, 2025
Assets and resources:		
Cash and investments	\$ -	\$ -
Receivables (net of allowances)		
Other	14,382	14,382
Restricted cash	-	-
Total assets and resources	\$ 14,382	\$ 14,382
Liabilities and fund balance:		
Accounts payable	\$ 14,382	\$ 14,382
Total liabilities	14,382	14,382
Fund balance		
Unassigned fund balance	-	-
Total Fund Equity	-	-
Total liabilities and fund balance	\$ 14,382	\$ 14,382

CITY OF CAMPBELLSVILLE, KENTUCKY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2025

	Special Revenue	Totals - Memorandum Only June 30, 2025
Revenues:		
Intergovernmental revenues	\$ 1,330,074	\$ 1,330,074
Other income	-	-
Total revenues	1,330,074	1,330,074
Expenditures:		
General government	1,280,540	1,280,540
Public safety:		
Police	49,534	49,534
Communication	-	-
Fire/rescue	-	-
EMS	-	-
Total expenditures	1,330,074	1,330,074
Excess revenues over (under) expenditures	-	-
Other financing sources (uses)		
Transfers in	-	-
Transfers out	-	-
Total other financing sources	-	-
Excess revenues and other sources over (under) expenditures and other uses	-	-
Fund balance - beginning of year - restated	-	-
Fund balance - end of year	\$ -	\$ -



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*

Honorable Mayor  
City Council and City Clerk of  
City of Campbellsville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities of City of Campbellsville, Kentucky, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City of Campbellsville, Kentucky's basic financial statements, and have issued our report thereon dated March 16, 2026.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Campbellsville'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.

Honorable Mayor  
City Council and City Clerk of  
Campbellsville, Kentucky  
Page 2

### **City of Campbellsville's Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the City of Campbellsville, Kentucky's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. City of Campbellsville, 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. We also noted other matters that we reported to management of the City of Campbellsville in a separate letter dated March 16, 2026.

### **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.

*Wise, Buckner, Sprowles & Associates, PLLC*

Wise, Buckner, Sprowles & Associates, PLLC

Campbellsville, Kentucky

March 16, 2026



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor  
City Council and City Clerk of  
Campbellsville, Kentucky

**Report on Compliance for Each Major Federal Program**

We have audited City of Campbellsville, Kentucky's compliance with the types of compliance requirements described in the *OMB Circular Compliance Supplement* that could have a direct and material effect on each of City of Campbellsville Kentucky's major federal programs for the year ended June 30, 2025. City of Campbellsville, Kentucky's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Campbellsville, Kentucky's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the audit requirements of Title 2 U.S. *Coe of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Campbellsville, Kentucky's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Campbellsville, Kentucky's compliance.

***Opinion on Each Major Federal Program***

In our opinion, City of Campbellsville, Kentucky, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

## Report on Internal Control Over Compliance

Management of City of Campbellsville, Kentucky, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Campbellsville, Kentucky's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Campbellsville, Kentucky's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Wise, Buckner, Sprowles & Associates, PLLC*

Wise, Buckner, Sprowles & Associates, PLLC  
Campbellsville, Kentucky  
March 16, 2026

MANAGEMENT LETTER

To the Members of the City Council and  
Dennis Benningfield, Mayor of  
The City of Campbellsville, Kentucky

In planning and performing our audit of the financial statements of the City of Campbellsville, Kentucky for the year ended June 30, 2025 we considered the City's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. Any uncorrected comments from the prior year have been included in the memorandum. A separate report dated March 16, 2026, contains our report on the City's internal control. This letter does not affect our report dated March 16, 2026 on the financial statements of the City of Campbellsville, Kentucky.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel, and their implementation is currently being reviewed. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended for the information and use of management, Council Members, the Governor's Office for Local Development and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Wise, Buckner, Sprowles & Associates, PLLC*

Wise, Buckner, Sprowles & Associates, PLLC  
Certified Public Accountant

Campbellsville, Kentucky  
March 16, 2026

CITY OF CAMPBELLSVILLE, KENTUCKY  
MANAGEMENT LETTER POINTS  
March 16, 2026

**PRIOR YEAR COMMENTS:**

**GENERAL GOVERNMENT:**

None

**CAMPBELLSVILLE WATER AND SEWER:**

None

**CURRENT YEAR COMMENTS:**

**GENERAL GOVERNMENT:**

None

**CAMPBELLSVILLE WATER AND SEWER:**

None

March 16, 2026

Honorable Mayor,  
City Council and City Clerk of  
City of Campbellsville, Kentucky  
Campbellsville, KY

We have audited the financial statements of the governmental activities, the business-type activities of the City of Campbellsville, Kentucky for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 16, 2026. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Matters**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Campbellsville, Kentucky are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City of Campbellsville, KY changed accounting policies related to Postemployment Benefit Plans Other Than OPEBs (OPEB) by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 75. We noted no transactions entered into by the governmental unit during the year which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

Management's estimate of the accrued sick leave is based on expected future employee retirements. We evaluated the key factors and assumptions used to develop the accrued sick leave estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

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

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 16, 2026.

### *Management Consultations with Other Independent Accountants*

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

### *Other Audit Findings or Issues*

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

### **Other Matters**

We applied certain limited procedures to Combined Statement of Revenue, Expenditures, and Changes in Fund Balance – Actual and Budgeted – Governmental Fund Type, Schedule of City’s Proportionate Share of the CERS Non-Hazardous Net Pension Liability, Schedule of Non-Hazardous Contributions to CERS, Schedule of City’s Proportionate Share of the Hazardous Contributions to CERS, Schedule of Enterprise’s Proportionate Share of the CERS Net Pension Liability, Schedule of Contributions to CERS, Notes to Required Supplementary Information – CERS, Schedule of City’s Proportionate Share of the CERS Non-Hazardous Net OPEB Liability, Schedule of Non-Hazardous Contributions to CERS – OPEB, Schedule of the City’s Proportionate Share of the Hazardous CERS Net OPEB Liability, Schedule of Hazardous Contributions to CERS – OPEB, Schedule of Enterprise’s Proportionate Share of the CERS Net OPEB Liability, Schedule of Contributions to CERS – OPEB, Notes to Required Supplementary Information – CERS - OPEB, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the MD&A, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Restriction on Use**

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

*Wise, Buckner, Sprowles & Associates, PLLC*

Wise, Buckner, Sprowles & Associates, PLLC  
Certified Public Accountants

Campbellsville, KY  
March 16, 2026