

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Council Members
City of Graymoor-Devondale, Kentucky

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Graymoor-Devondale, Kentucky, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Graymoor-Devondale, Kentucky's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Graymoor-Devondale, Kentucky, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Graymoor-Devondale, Kentucky's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain a 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Graymoor-Devondale, 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 Graymoor-Devondale, Kentucky's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and 21-22 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2026, on our consideration of the City of Graymoor-Devondale, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Graymoor-Devondale, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Graymoor-Devondale, Kentucky's internal control over financial reporting and compliance.

Welenken CPAs

Welenken CPAs
Louisville, Kentucky
March 13, 2026

**CITY OF GRAYMOOR-DEVONDALE
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025**

ASSETS

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 251,094	\$ 29,250	\$ 280,344
Investments	2,440,240	137,129	2,577,369
Property taxes receivable	26,310	-	26,310
Other receivables	125,234	-	125,234
Prepaid expenses	4,190	-	4,190
Total Assets	<u>\$ 2,847,068</u>	<u>\$ 166,379</u>	<u>\$ 3,013,447</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

LIABILITIES

Accounts payable	<u>\$ 14,582</u>	<u>\$ -</u>	<u>\$ 14,582</u>
Total Liabilities	<u>14,582</u>	<u>-</u>	<u>14,582</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue - property taxes	<u>26,310</u>	<u>-</u>	<u>26,310</u>
Total Deferred Inflows of Resources	<u>26,310</u>	<u>-</u>	<u>26,310</u>

FUND BALANCES

Nonspendable			
Prepaid items	4,190	-	4,190
Restricted			
Special Revenue Fund	-	166,379	166,379
Unassigned	<u>2,801,986</u>	<u>-</u>	<u>2,801,986</u>
Total Fund Balances	<u>2,806,176</u>	<u>166,379</u>	<u>2,972,555</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,847,068</u>	<u>\$ 166,379</u>	<u>\$ 3,013,447</u>

See accompanying notes to financial statements.

CITY OF GRAYMOOR-DEVONDALE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Property taxes	\$ 557,420	\$ -	\$ 557,420
Insurance taxes	436,361	-	436,361
Franchise fees	12,082	-	12,082
Municipal road aid	-	60,879	60,879
Grant income	28,733	-	28,733
License, permits and fees	69,914	-	69,914
Investment earnings	89,833	4,663	94,496
Change in fair value of investments	33,474	3,860	37,334
Miscellaneous	14,271	-	14,271
	<u>1,242,088</u>	<u>69,402</u>	<u>1,311,490</u>
Total Revenues			
EXPENDITURES			
Audit	12,500	-	12,500
Cable commission	1,789	-	1,789
Insurance	9,640	-	9,640
Legal fees	12,648	-	12,648
Property valuation assessment	16,486	-	16,486
General government	37,818	-	37,818
Wages	54,637	-	54,637
Payroll taxes	4,300	-	4,300
Public works	75,772	20,035	95,807
Capital expenditures	89,482	75,800	165,282
Sanitation	180,606	-	180,606
	<u>495,678</u>	<u>95,835</u>	<u>591,513</u>
Total Expenditures			
CHANGES IN FUND BALANCES	746,410	(26,433)	719,977
FUND BALANCES, BEGINNING OF YEAR	<u>2,059,766</u>	<u>192,812</u>	<u>2,252,578</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,806,176</u>	<u>\$ 166,379</u>	<u>\$ 2,972,555</u>

See accompanying notes to financial statements.