

**CITY OF EDGEWOOD, KENTUCKY**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**For the Year Ended June 30, 2024**

**CITY OF EDGEWOOD, KENTUCKY**  
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**For the Year Ended June 30, 2024**

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**CITY OF EDGEWOOD, KENTUCKY**

**LIST OF CITY OFFICIALS**

**For the Year Ended June 30, 2024**

**Mayor**

John Link

**Council Members**

Ben Barlage	Bridget Grady Spears
Joseph Messmer	Jeff Schreiver
Scott Spille	Rob Thelen

W. Jamie Ruehl

**Department Heads**

City Administrator	Brian Dehner
Police Chief	Jimmy Kreinest
City Attorney	Frank Wichmann
City Clerk	Belinda Nitschke
Fire/EMS Chief	Tom Dickman
General Services Director	Rick Lunnemann

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## **INDEPENDENT AUDITOR'S REPORT**

**To the Mayor and Council  
City of Edgewood, Kentucky**

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Edgewood, Kentucky, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Edgewood, 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, each major fund and the aggregate remaining fund information of the City of Edgewood, Kentucky, as of June 30, 2024, 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 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 Edgewood, Kentucky, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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 Edgewood, 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 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 it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 judgement 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 disclosure 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 Edgewood 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Edgewood, 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 and schedules of City contributions and net pension liability on pages 6-10 and 47-48 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Management is responsible for other information included in the annual report. The other information comprises Budgetary Comparison Schedule for the Debt Service Fund but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2025, on our consideration of the City of Edgewood, 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 effectiveness of the City of Edgewood, 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 Edgewood, Kentucky's internal control over financial reporting and compliance.

**RANKIN, RANKIN, & COMPANY**

A handwritten signature in cursive script that reads "Rankin, Rankin &amp; Company".

**Ft. Wright, Kentucky  
January 23, 2025**

**CITY OF EDGEWOOD, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
(UNAUDITED)**

Our discussion and analysis of the City of Edgewood, Kentucky's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the City's basic financial statements that begin on page 11.

**Using This Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 11 and 12) provide information about the activities of the City as a whole and present a fair view of the City's finances. Fund financial statements start on page 13. For government activities these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

**Financial Highlights**

Key financial highlights for fiscal year 2024 are as follows:

- The ending cash balance for the City was \$1.99M.
- The ending investment balance for the City was \$4.29M.

**Overview of Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-Wide Financial Statements**

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

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the City that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, police, fire, public works, parks and recreation. Capital assets and related debt are also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 9 and 10 of this report.



**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
UNAUDITED (Continued)**

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental, fiduciary and proprietary funds. All activities of the City are included in the governmental funds. The basic governmental fund financial statements can be found on pages 13 through 15 of this report.

**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 on pages 20 through 45 of this report.

**Government-Wide Financial Analysis**

The perspective of the statement of net position is of the City as a whole. Table 1 provides a summary of the City's net position for 2024 compared to 2023:

**Table 1 – Net Position of Governmental Activities**

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Current assets	\$ 8,359,460	\$ 9,994,191
Capital assets, net	<u>30,098,575</u>	<u>27,537,549</u>
Total Assets	<u>38,458,035</u>	<u>37,464,701</u>
<b>Deferred Outflow of Resources</b>	<u>2,153,538</u>	<u>2,805,172</u>
<b>Liabilities</b>		
Current and other liabilities	1,345,433	2,133,344
Noncurrent liabilities	<u>11,582,299</u>	<u>16,784,210</u>
Total Liabilities	<u>12,927,732</u>	<u>18,396,715</u>
<b>Deferred Inflow of Resources</b>	<u>4,811,490</u>	<u>1,617,534</u>
<b>Net Position</b>		
Invested in capital assets, net of related debt	27,836,941	24,638,603
Restricted for debt service	73,331	63,055
Unrestricted	<u>(5,037,921)</u>	<u>(4,899,834)</u>
	<u>\$ 22,872,351</u>	<u>\$ 19,801,824</u>

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$22.87M as of June 30, 2024, an \$3.07M increase from the prior year.

The largest portion of the City's net position reflects its investment in capital assets (e.g. land and improvements, buildings and improvements, vehicles, furniture and equipment and infrastructure);

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
UNAUDITED (Continued)**

less any related debt used to acquire those assets that are still outstanding. 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.

The City's financial position is the product of several financial transactions, including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Total assets increased \$927K, primarily due to \$1.64M decrease in cash and a \$2.56M increase in fixed assets. Table 2 provides a summary of the City's change in net position for 2024 compared to 2023:

**Table 2 - Change in Net Position**

	2024	2023
<b>General Revenues</b>		
Taxes	\$ 9,714,826	\$ 8,109,805
Licenses and permits	94,926	82,810
Fines and forfeitures	59,051	10,610
Earnings on investments	210,850	143,795
Miscellaneous	93,786	43,217
Total General Revenues	10,173,439	8,390,237
<b>Program Revenues</b>		
Charges for services	2,128,639	1,775,113
Operating grants and contributions	399,472	394,865
Capital grants and contributions	1,077,020	1,250,530
Total Program Revenues	3,605,131	3,420,508
<b>Expenses, net of program revenues</b>		
General government	2,382,259	2,335,844
Police	1,990,502	2,115,961
Fire & EMS	2,464,850	2,455,142
Public works	1,796,859	2,079,214
Parks	212,528	208,504
Interest expense	47,934	58,573
Depreciation	1,813,111	1,695,676
Total Expenditures, net	10,708,043	10,948,914
Increase (Decrease) in Net Position	\$ 3,070,527	\$ 861,831

**The City's Funds**

The City's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues of \$13.74M and expenditures of \$14.76M. Revenues increased 15.9% and expenses increased by 12.6%. The increase in revenues received was due to \$1.61M more in property and payroll taxes in 2024, primarily from increased property valuations and increased payroll base. There were no tax increases in FY 2024.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
UNAUDITED (Continued)**

The increase in expenses is due primarily to the \$4.39M in capital expenditures in the current year. These expenditures included major road replacement projects, major park upgrades, as well as fire, police, and public works vehicle replacements.

**General Fund Budget Highlights**

The City's General Fund budget is prepared according to City Charter and is based on accounting for certain transactions on the modified accrual basis of accounting. The beginning budgetary fund balance for the fiscal year was \$5.885M and the actual beginning fund balance was \$7.308M.

Revenues were initially budgeted at \$11.99M and amended up to \$12.20M. Actual revenues were \$13.70M. The major differences came from receiving \$1.07M more in payroll taxes, \$187K more in waste fees, and \$140K more in interest income.

Expenditures were initially budgeted at \$14.55M and were amended up to \$15.46M. Actual expenditures were \$14.04M. The major differences came from expending \$804K in less for General Services Contractual Services, and \$186K less in General Government Operations and Maintenance, \$156K less in Fire and \$133K less in Police personnel expenses.

The ending actual general fund balance of \$6.28M exceeded the budgetary balance of \$1.93M by \$4.34M.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2024, the City had \$30.09M invested in capital assets (net of depreciation), all in governmental activities.

Table 3 reflects fiscal year 2024 balances compared to fiscal year 2023.

**Table 3  
Capital Assets at June 30,  
(Net of Depreciation)**

	<u>2024</u>	<u>2023</u>
Land	\$ 1,671,935	\$ 1,671,935
Construction in progress	1,487,320	1,484,460
Infrastructure	17,884,419	16,785,944
Buildings and improvements	6,446,985	5,890,158
Vehicles and equipment	1,355,584	951,394
Park improvements	1,252,332	753,658
	<u>\$ 30,098,575</u>	<u>\$ 27,537,549</u>

The net change in capital assets of \$2,561,026 in the current year consisted of the following capital asset activity:

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
UNAUDITED (Continued)**

**Table 4  
Change in Capital Assets During Fiscal Year**

Net additions to construction in progress	\$ 2,859
Net additions to infrastructure	1,940,158
Net additions to buildings and improvement	865,681
Net additions of vehicles and equipment	204,392
Net additions to park improvements	564,576
Net depreciation expense	<u>(1,016,640)</u>
<b>Total Change in Fixed Assets</b>	<b><u>\$ 2,561,026</u></b>

**Table 5  
Long Term Debt at June 30,**

At June 30, 2024, the City had \$2.31M in outstanding bonds and capital leases. The following is a summary of the City's debt transactions during the year ended June 30, 2024:

June 30 2023	Additions	Payments	June 30 2024
<u>\$ 2,959,340</u>	<u>\$ -</u>	<u>\$ (644,021)</u>	<u>\$ 2,315,319</u>

**GASB 68 Pension and GASB 75 OPEB Liability Recognition**

As of June 30, 2024, the City recognized net pension and other post-employment benefits liabilities of \$9,717,299 based on a June 30, 2024 measurement date compared to \$14,468,890 in FY 2023. Detailed information on this liability, and its associated deferred outflows and inflows can be found in Note 8 to the financial statements.

**Economic Factors in Next Year's Budget**

The fiscal year 2025 budget has taken a conservative approach to revenues as well as expenditures. While payroll tax revenues in the City should remain strong, occupational licenses and business tax revenue should continue to see strong increases. FY 2025 will continue to see less federal funding than in prior years. However, the City will continue to invest in street repair and replacement, vehicle fleet management, and park and building upkeep. City management believes that the City is well positioned to weather any significant, short-term financial upheaval which may be on the horizon.

**Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to reflect the City's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to the City Administrator's office, City of Edgewood, 385 Dudley Road, Edgewood, Kentucky 41017.

**CITY OF EDGEWOOD, KENTUCKY**  
**STATEMENT OF NET POSITION**  
**June 30, 2024**

<b>Assets</b>	<b>Governmental Activities</b>	
Current Assets		
Cash and cash equivalents	\$	1,998,898
Investments - current		4,291,413
Receivables		
Property taxes		6,890
Payroll taxes		1,678,482
Waste fees		4,284
Intergovernmental receivables		324,532
Interest receivable		907
Other receivables		46,972
Prepaid expenses		7,082
<b>Total Current Assets</b>		<b>8,359,460</b>
Capital Assets		
Land and construction in progress		3,159,255
Depreciable capital assets		53,834,168
Less: accumulated depreciation		(26,894,848)
<b>Net Capital Assets</b>		<b>30,098,575</b>
<b>Total Assets</b>		<b>38,458,035</b>
<b>Deferred Outflow of Resources</b>		
Discount on bonds		12,966
Bond refunding costs		40,719
Deferred outflow of resources related to pensions and other post-employment benefits		2,099,853
<b>Total Deferred Outflows of Resources</b>		<b>2,153,538</b>
<b>Total Assets and Deferred Outflows of Resources</b>		<b>40,611,573</b>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable		27,640
Accrued liabilities		729,483
Compensated absences		137,991
Current portion of bonds and leases payable		450,319
<b>Total Current Liabilities</b>		<b>1,345,433</b>
Long-term Liabilities		
Bonds and leases payable		1,865,000
Net pension and other post-employment benefits liability		9,717,299
<b>Total Long-Term Liabilities</b>		<b>11,582,299</b>
<b>Total Liabilities</b>		<b>12,927,732</b>
<b>Deferred Inflow of Resources</b>		
Premium on bonds		115,763
Deferred inflow of resources related to pensions and other post-employment benefits		4,695,727
<b>Total Deferred Inflow of Resources</b>		<b>4,811,490</b>
<b>Total Liabilities and Deferred Inflow of Resources</b>		<b>17,739,222</b>
<b>Net Position</b>		
Invested in capital assets, net of related debt		27,836,941
Restricted		73,331
Unrestricted		(5,037,921)
<b>Total Net Position</b>	<b>\$</b>	<b>22,872,351</b>

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

**CITY OF EDGEWOOD, KENTUCKY**

**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2024

Functions/Programs	Program Revenues			Net Revenue (Expense) and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
<b>Primary Government</b>					
<b>Governmental Activities</b>					
General government	\$ 2,382,259	\$ 1,171,496	\$ 12,691	\$ -	(1,198,072)
Police	1,990,502	209,570	174,257	-	(1,606,675)
Fire and EMS	2,464,850	704,715	11,500	-	(1,748,635)
Public works	1,796,859	-	201,024	1,077,020	(518,815)
Parks and recreation	212,528	42,858	-	-	(169,670)
Interest on debt service	47,934	-	-	-	(47,934)
Depreciation, unallocated	1,813,111	-	-	-	(1,813,111)
<b>Total Governmental Activities</b>	<b>\$ 10,708,042</b>	<b>\$ 2,128,639</b>	<b>\$ 399,472</b>	<b>\$ 1,077,020</b>	<b>(7,102,911)</b>
			<b>General Revenues</b>		
			Taxes		9,714,826
			Licenses and permits		94,926
			Investment income (loss)		210,850
			Miscellaneous		112,161
			Loss on disposal of assets		(18,376)
			Fines and forfeitures		59,051
			<b>Total general revenues</b>		<b>10,173,438</b>
			<b>Change in net position</b>		<b>3,070,527</b>
			<b>Net Position, Beginning of Year</b>		<b>19,801,824</b>
			<b>Net Position, End of Year</b>		<b>\$ 22,872,351</b>

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

**CITY OF EDGEWOOD, KENTUCKY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2024**

	General Fund	Debt Service Fund	Police Asset Forfeiture Fund	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 1,897,950	\$ 55,906	17,425	\$ 1,971,281
Investments	4,291,413	-	-	4,291,413
Receivables				
Property taxes	6,890	-	-	6,890
Payroll taxes	1,678,482	-	-	1,678,482
Waste fees	4,284	-	-	4,284
Intergovernmental receivables	324,532	-	-	324,532
Interest receivable	907	-	-	907
Other receivables	46,972	-	-	46,972
Due from other funds	-	-	-	-
Prepaid expenses	7,082	-	-	7,082
<b>Total Assets</b>	<b>\$ 8,258,512</b>	<b>\$ 55,906</b>	<b>\$ 17,425</b>	<b>\$ 8,331,843</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 27,640	\$ -	\$ -	\$ 27,640
Accrued salaries	177,644	-	-	177,644
Accrued liabilities	551,839	-	-	551,839
Deferred revenue	1,225,717	-	-	1,225,717
<b>Total Liabilities</b>	<b>1,982,840</b>	<b>-</b>	<b>-</b>	<b>1,982,840</b>
<b>Fund Balances</b>				
Unspendable	7,082	-	-	7,082
Restricted	-	55,906	17,425	73,331
Unassigned	6,268,590	-	-	6,268,590
<b>Total Fund Balances</b>	<b>6,275,672</b>	<b>55,906</b>	<b>17,425</b>	<b>6,349,003</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,258,512</b>	<b>\$ 55,906</b>	<b>\$ 17,425</b>	<b>\$ 8,331,843</b>

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

<p><b>CITY OF EDGEWOOD, KENTUCKY</b>  <b>RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS</b>  <b>TO THE STATEMENT OF NET POSITION</b>  <b>June 30, 2024</b></p>
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Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance per balance sheet		\$ 6,349,003
Capital assets of \$56,993,423, less accumulated depreciation of (\$26,894,848), used in governmental activities are not financial resources and, therefore, are not reported in the funds.		30,098,575
Deferred charges represent funds received for future projects that will not require current funds and therefore are reported as deferred revenues in the governmental funds.		1,225,717
Costs of issuance of debt, premiums and discounts expensed for governmental funds are carried as deferred charges in the statement of net position.		
Bond discount	\$ 16,207	
Less: accumulated amortization	<u>(3,241)</u>	12,966
Deferred refunding costs	50,899	
Less: accumulated amortization	<u>(10,180)</u>	40,719
Bond premium	\$ (144,704)	
Less: accumulated amortization	<u>28,941</u>	(115,763)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, not reportable in the funds:		
Deferred outflows related to pension and OPEB		2,099,853
Deferred inflows related to pension and OPEB		(4,695,727)
An internal service fund is used to charge the revenues and cost of the self-insured health insurance plan. The assets and liabilities of the internal service fund must be added to the statement of net assets		27,617
Long-term liabilities, including bonds payable, and net pension liability are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds.		
Compensated absences		(137,991)
Net pension and post-employment health insurance liability		(9,717,299)
Bonds and leases payable		<u>(2,315,319)</u>
Net position of governmental activities		<u>\$ 22,872,351</u>

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



**CITY OF EDGEWOOD, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2024**

	General Fund	Debt Service Fund	Police Asset Forfeiture Fund	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 9,661,503	\$ -	\$ -	\$ 9,661,503
Licenses and permits	94,926	-	-	94,926
Fines and forfeitures	18,015	-	41,036	59,051
Other revenues	112,161	-	-	112,161
Investment income	210,848	-	2	210,850
Intergovernmental revenue	1,476,492	-	-	1,476,492
Charges for services	2,128,639	-	-	2,128,639
<b>Total Revenues</b>	<u>13,702,584</u>	<u>-</u>	<u>41,038</u>	<u>13,743,622</u>
<b>Expenditures</b>				
General government	2,425,695	-	-	2,425,695
Police	2,195,479	-	30,761	2,226,240
Fire and EMS	2,928,372	-	-	2,928,372
Public works	1,880,692	-	-	1,880,692
Parks and recreation	212,528	-	-	212,528
Capital outlay	4,392,512	-	-	4,392,512
Debt service	-	699,715	-	699,715
<b>Total Expenditures</b>	<u>14,035,278</u>	<u>699,715</u>	<u>30,761</u>	<u>14,765,754</u>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<u>(332,694)</u>	<u>(699,715)</u>	<u>10,277</u>	<u>(1,022,132)</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	699,715	-	699,715
Operating transfers out	(699,715)	-	-	(699,715)
<b>Total Other Financing Sources (Uses)</b>	<u>(699,715)</u>	<u>699,715</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>(1,032,409)</u>	<u>-</u>	<u>10,277</u>	<u>(1,022,132)</u>
<b>Fund Balance, Beginning of Year</b>	<u>7,308,081</u>	<u>55,906</u>	<u>7,148</u>	<u>7,371,135</u>
<b>Fund Balance, End of Year</b>	<u>\$ 6,275,672</u>	<u>\$ 55,906</u>	<u>\$ 17,425</u>	<u>\$ 6,349,003</u>

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

<p><b>CITY OF EDGEWOOD, KENTUCKY</b>  <b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES</b>  <b>AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS</b>  <b>TO THE STATEMENT OF ACTIVITIES</b>  <b>For the Year Ended June 30, 2024</b></p>
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Amounts reported for governmental activities in the statement of activities are different because:

**Net change in fund balance - total governmental funds** \$ (1,022,132)

Governmental funds report capital outlays as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period.

Capital outlays	\$ 4,392,512	
Depreciation expense	<u>(1,813,111)</u>	2,579,401
Loss on disposal of assets	(18,376)	
Less: revenue recognized in the funds	<u>-</u>	(18,376)

Governmental funds report pension contributions as expenditures, however, in the statement of activities, the cost of the pension benefits earned, net of employer contributions, is reported as pension expense:

Pension benefits earned	549,813
Post employment health insurance benefits earned	348,430

Deferred refunding costs are reported for governmental activities as a deferred outflow and amortized over the life of the bond and it is a component of interest expense, but is not reported in the governmental funds. This is the amortized interest expense. (5,090)

The bond premium/discount is reported for governmental activities as a deferred inflow/outflow and amortized over the life of the bond and it is a component of interest expense, but is not reported in the governmental funds. This is the amortized interest expense. 12,850

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. 53,323

An internal service fund is used to charge the revenues and cost of the self insured health insurance plan. The net revenues(expenses) of the internal service fund is reported with governmental activities (50,903)

Some expenses reported in the statement of activities do not require the use of current financial and therefore are not reported as expenditures in governmental funds  
 Compensated absences (20,810)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Bonds	240,000
Leases	<u>404,021</u>

**Change in net position of governmental activities** **\$ 3,070,527**

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

<b>CITY OF EDGEWOOD, KENTUCKY</b> <b>STATEMENT OF NET POSITION - INTERNAL SERVICE FUND</b> <b>June 30, 2024</b>
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	<b>Self Insured Health Insurance Fund</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 27,617
Accounts receivable	-
<b>Total Assets</b>	<u>27,617</u>
<b>Liabilities</b>	
Accrued liabilities	-
Due to General Fund	-
<b>Total Liabilities</b>	<u>-</u>
<b>Net Position</b>	
Held for insurance claims	<u>27,617</u>
<b>Total Net Position</b>	<u><u>\$ 27,617</u></u>

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

**CITY OF EDGEWOOD, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUND**  
**For the Year Ended June 30, 2024**

	<b>Self Insured Health Insurance Fund</b>
<b>Revenues</b>	
Health insurance revenue	\$ 652,125
Interest income	1,111
<b>Total Revenues</b>	<u>653,236</u>
<b>Expenditures</b>	
Administration claims	125,159
General government claims	66,701
Police claims	144,673
Fire and EMS claims	267,898
General services claims	99,708
Bank charges	-
<b>Total Expenditures</b>	<u>704,139</u>
<b>Change in Net Position</b>	(50,903)
<b>Net Position, Beginning of Year</b>	78,520
<b>Net Position, End of Year</b>	<u>\$ 27,617</u>

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

**CITY OF EDGEWOOD, KENTUCKY**  
**STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUND**  
**For the Year Ended June 30, 2024**

	<b>Self Insured Health Insurance Fund</b>
<b>Cash Flows From Operating Activities:</b>	
Medical premiums received	\$ 653,236
Claims paid	(704,139)
Net change in cash from operating activities	(50,903)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>78,520</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 27,617</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating income	\$ (50,903)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decreases (increase) in accounts payable	-
Increase (decrease) in accrued expenses	-
Increase (decrease) in payables to General Fund	-
Net change in cash from operating activities	<b>\$ (50,903)</b>

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

**CITY OF EDGEWOOD, KENTUCKY**  
**Notes to Financial Statements**  
**June 30, 2024**

**NOTE 1 – ACCOUNTING POLICIES**

Kentucky Revised Statutes and Ordinances of the City Council of the City of Edgewood, Kentucky (the “City”) designate the purpose, function and restrictions of the various funds. The financial statements included herein consist of the General Fund and the Debt Service Fund.

**The Reporting Entity**

The City, for financial purposes, includes all of the funds and account groups relevant to the operations of the City of Edgewood, Kentucky.

The City of Edgewood, Kentucky is a Charter City, in which citizens elect the mayor at large and seven council members. The accompanying financial statements present the City’s primary government. Component units are those over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). The City has no component units.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of certain significant accounting policies followed in the preparation of these financial statements.

**Basis of Presentation**

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The City has no business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the City’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements - Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

**CITY OF EDGEWOOD, KENTUCKY**  
**Notes to Financial Statements**  
**June 30, 2024**

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balance, which reports on the changes in net total position. Fiduciary funds are reported using the economic resources measurement focus.

The City has the following funds:

**Governmental Fund Types**

- (A) 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 unrestricted fund balances are considered as resources available for use. This is a major fund of the City.
- (B) The Debt Service Fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. This is a major fund of the City.

**Proprietary Funds**

- (A) Internal Service Funds are used to account for goods or services shifted between departments on a cost reimbursement basis. The City has an internal service fund to account for contributions to and expenses paid from their self-insured health insurance plan.

**Fiduciary Funds**

- (A) Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support city programs. The Fiduciary Fund was reduced to a zero balance in fiscal year 2023 and was closed during fiscal year 2024.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions - Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City available means expected to be received within sixty days of the fiscal year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are

**CITY OF EDGEWOOD, KENTUCKY**  
**Notes to Financial Statements**  
**June 30, 2024**

required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenues from non-exchange transactions must also be available before they can be recognized.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

**Cash and Cash Equivalents**

The City considers demand deposits, money market funds, and other investments with an original maturity of ninety days or less, to be cash equivalents.

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statements of net position except for the net residual amounts due between governmental and business-type activities, which are presented as interfund balances. There are no interfund balances at June 30, 2024.

**Property Tax Receivable**

Property taxes are levied as of January 1 on property values assessed as of the same date. The taxes are billed on approximately October 1 and are due and payable on December 31. On January 1, the bill becomes delinquent, and penalties and interest may be assessed by the City. A lien may be placed on the property on January 1. For the 2023-2024 tax year, the total real property tax assessment was \$905,700,950.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2024 are recorded as prepaid items. These prepaids are amortized over the contract period.

**Capital Assets**

General capital assets are assets that generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets greater than \$5,000 are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars. Improvements that extend the life or increase the use of an asset are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. For City infrastructure, complete street replacement is capitalized while street maintenance and repaving are not capitalized.



**CITY OF EDGEWOOD, KENTUCKY**  
**Notes to Financial Statements**  
**June 30, 2024**

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for general capital assets:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and Improvements	30–40 Years
Land Improvements	20 Years
Streets	25 Years
Vehicles	5 –20 Years
General Equipment and Furniture	5 – 7 Years
Public Works Equipment	5 –10 Years

**Accrued Liabilities and Long-Term Obligations**

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

**Governmental Fund Balances**

In the governmental fund financial statements, fund balances are classified as follows:

- Non-spendable – Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
- Restricted – Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors or creditors. The City's has restrictions of fund balance for the Debt Service Fund and for Asset Forfeiture funds passed from the U.S. Department of Justice.
- Committed – Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution.
- Assigned – Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by City Council.
- Unassigned – All amounts not included in other spendable classifications.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the City's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the City's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed and then assigned fund balances before using unassigned fund balances.

**CITY OF EDGEWOOD, KENTUCKY**  
**Notes to Financial Statements**  
**June 30, 2024**

**Net Position**

Net position represents the difference between assets and deferred outflows less liabilities and deferred inflows. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Pensions**

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

**Post-Employment Health Insurance Benefits Other than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employee Retirement System (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis of as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**Use of Estimates**

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**CITY OF EDGEWOOD, KENTUCKY**  
**Notes to Financial Statements**  
**June 30, 2024**

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) In accordance with City ordinance, by May 31, the Mayor submits to the City Council, a proposed operating budget on the modified accrual basis of accounting for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- b) A public meeting is conducted to obtain citizen comment.
- c) By July 1, the budget is legally enacted through passage of an ordinance.
- d) The Mayor is required by Kentucky Revised Statutes to present a quarterly report to the Council explaining any variance from the approved budget.
- e) Appropriations continue in effect until a new budget is adopted.
- f) The Council may authorize supplemental appropriations during the year.

Expenditures may not legally exceed budgeted appropriations at the function level. Any revisions to the budget that would alter total revenues and expenditures of any fund must be approved by the Council. The Council adopted three supplementary appropriation ordinances. All appropriations lapse at fiscal yearend.

**NOTE 4 – DEPOSITS AND INVESTMENTS**

It is the policy of the City to invest public funds in a manner that will provide the highest investment return with the maximum security of principal while meeting the daily cash flow demands of the City and conforming to all state statutes and City regulations governing the investments of public funds.

The City is authorized to invest in:

- a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, provided that delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian.
- b) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency.
- c) Obligations of any corporation of the United States government.
- d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations permitted by the Kentucky Revised Statutes.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are fair market value at the end of the year; Level 3 inputs are significant unobservable inputs.

**CITY OF EDGEWOOD, KENTUCKY**  
**Notes to Financial Statements**  
**June 30, 2024**

As of June 30, 2024, the City had the following recurring fair value measurements:

Deposits & Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt securities:				
Government bonds	\$ 795	\$ -	\$ 795	\$ -
Corporate bonds	488	-	488	-
Total debt securities	1,283	-	1,283	-
Equity securities:				
Mutual funds	52,238	52,238	-	-
Total equity securities	52,238	52,238	-	-
Certificates of Deposits	4,237,892	4,237,892	-	-
Subtotal investments	4,291,413	4,290,130	1,283	-
Cash and Cash Equivalents				
Cash	1,998,898	1,998,898	-	-
Total Deposits & Investments	\$ 6,290,311	\$ 6,289,028	\$ 1,283	\$ -

*Interest rate risk.* In accordance with the City's investment policy, interest rate risk is controlled thru maturity diversification by investing in public funds with the highest rate of return with the maximum security of principal. Investments are undertaken in a manner that seeks to ensure preservation of the capital in its portfolio.

*Credit risk.* State law limits the types of authorized investment instruments to obligations of the United States, its agencies, and instrumentalities. In addition, certificates of deposit or bonds of a bank or the Commonwealth of Kentucky, securities issued by a state or local government or shares of mutual funds are acceptable investments.

*Concentration of credit risk.* The City may not invest, at any one time, funds in any one of the above listed categories exceeding twenty percent of the total amount of funds invested on behalf of the City.

*Custodial credit risk – deposits.* For deposits, this is the risk that in the event of a bank failure, the City's deposits will not be returned. The City maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As allowed by law, the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times. The City's deposits are entirely insured and/or collateralized with securities held by the financial institutions on the City's behalf and the FDIC insurance.

*Custodial credit risk – investments.* For an investment, this is the risk, that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The policy permits investment in U.S. Treasury obligations and obligations backed by the full faith and credit of the United States and in the securities issued by certain associations and corporations established by the government of the United States. The City had custodial credit risk at June 30, 2024 in the amount of \$53,521 in debt and equity securities. The related securities totaling this amount are uninsured, unregistered and held by various trust departments.

*Certificates of Deposit –* The City has invested reserve cash in certificates of deposit with varying rates and maturities.

**CITY OF EDGEWOOD, KENTUCKY**  
**Notes to Financial Statements**  
**June 30, 2024**

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2024 was as follows:

	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024
<b>Governmental Activities</b>				
<b>Capital Assets not Depreciated</b>				
Land	\$ 1,671,935	\$ -	\$ -	\$ 1,671,935
Construction in progress	568,561	2,540,786	(2,249,219)	860,128
Work in progress - vehicles	915,900	80,479	(369,187)	627,192
<b>Total Capital Assets Not Being Depreciated</b>	<b>3,156,396</b>	<b>2,621,265</b>	<b>(2,618,406)</b>	<b>3,159,255</b>
<b>Depreciable Capital Assets</b>				
Infrastructure	32,664,447	2,249,219	(309,061)	34,604,605
Buildings & improvements	10,277,069	865,681	-	11,142,750
Vehicles & equipment	4,561,930	710,178	(505,786)	4,766,322
Park improvements	2,755,915	564,576	-	3,320,491
<b>Total Depreciable Capital Assets</b>	<b>50,259,361</b>	<b>4,389,654</b>	<b>(814,847)</b>	<b>53,834,168</b>
<b>Total Capital Assets at Historical Cost</b>	<b>53,415,757</b>	<b>7,010,919</b>	<b>(3,433,253)</b>	<b>56,993,423</b>
<b>Less Accumulated Depreciation</b>				
Infrastructure	15,878,503	1,132,368	(290,685)	16,720,186
Buildings & improvements	4,386,911	308,854	-	4,695,765
Vehicles & equipment	3,610,536	305,988	(505,786)	3,410,738
Park improvements	2,002,258	65,902	-	2,068,160
<b>Total Accumulated Depreciation</b>	<b>25,878,208</b>	<b>1,813,112</b>	<b>(796,471)</b>	<b>26,894,849</b>
<b>Depreciable Capital Assets, Net</b>	<b>24,381,153</b>	<b>2,576,542</b>	<b>(18,376)</b>	<b>26,939,319</b>
<b>Total Capital Assets, Net</b>	<b>\$ 27,537,549</b>	<b>\$ 5,197,807</b>	<b>\$ (2,636,782)</b>	<b>\$ 30,098,574</b>

Depreciation expense \$1,813,112 was not allocated to governmental functions. It appears on the statement of activities as "unallocated".

**NOTE 6 – LINE OF CREDIT**

The City has a non-revolving line of credit with Branch Banking & Trust Company for \$4,100,000 with a prime rate of 3.15%. At June 30, 2024, the amount outstanding on the line of credit was \$0.

**CITY OF EDGEWOOD, KENTUCKY**  
**Notes to Financial Statements**  
**June 30, 2024**

**NOTE 7 – LONG TERM DEBT**

**General Obligation Refunding Bond, Series 2021**

This \$2,660,000 Series 2021 bond was obtained to refund the General Obligation Refunding Bond, Series 2011. Interest payments on the Series 2021 bond are due June 1 and December 1. The principal payments are paid on December 1. The interest rate is 2.0% until the final payment which is due on December 1, 2031.

The General Obligation Refunding Bond (City Building) is scheduled to mature as follows:

Years Ending June 30,	Interest Rates	Principal Amount	Interest Amount	Total Debt Service
2025	2.000%	\$ 245,000	\$ 39,750	\$ 284,750
2026	2.000%	250,000	34,800	284,800
2027	2.000%	255,000	29,750	284,750
2028	2.000%	260,000	24,600	284,600
2029	2.000%	265,000	19,350	284,350
2030-2032	2.000%	835,000	25,350	860,350
		<u>\$ 2,110,000</u>	<u>\$ 173,600</u>	<u>\$ 2,283,600</u>

**BB&T Capital Lease**

On February 5, 2016, the City obtained a capital lease for \$3,200,000 to pay off a higher interest line of credit, which was extended to pay for significant road projects in the City. The interest rate is 2.18% and matures on September 1, 2024.

The BB&T Capital Lease is scheduled to mature as follows:

Year Ending June 30,	Interest Rates	Principal Amount	Interest Amount	Total Debt Service
2025	2.18%	\$ 205,320	\$ 2,237	\$ 207,557
		<u>\$ 205,320</u>	<u>\$ 2,237</u>	<u>\$ 207,557</u>

The following is a summary of the City's long-term debt transactions for the year ended June 30, 2024.

Type of Debt	Outstanding June 30, 2023	Additions of New Debt	Repayments	Outstanding June 30, 2024	Amounts Due Within 1 Year
General Obligation Refunding Bonds Series 2021	\$ 2,350,000	\$ -	\$ 240,000	\$ 2,110,000	\$ 245,000
Truist Capital Lease 2016	609,341	-	404,021	205,320	205,320
Debt Total	<u>\$ 2,959,341</u>	<u>\$ -</u>	<u>\$ 644,021</u>	<u>\$ 2,315,320</u>	<u>\$ 450,320</u>

**CITY OF EDGEWOOD, KENTUCKY**  
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**Conduit Debt Obligations**

The City has issued Industrial Building Revenue Bonds to provide financial assistance to private-sector entities for the purchase or addition of property including land and a building. The bonds are secured by the properties financed and are payable solely from the private-sector entities. Neither the City nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements. As of June 30, 2024, there was one Industrial Building Revenue Bonds outstanding with principal amounts payable totaling \$2,524,970

**NOTE 8 – COUNTY EMPLOYEES’ RETIREMENT SYSTEM**

*Plan description* – City employees are covered by CERS (County Employees’ Retirement System), a cost-sharing multiple-employer defined benefit pension and health insurance (Other Post-Employment Benefits; OPEB) plan administered by the Kentucky Public Pension Authority, 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 Public Pension Authority administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Public Pension Authority 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/>.

The Plan is divided into both a **Pension Plan** and **Health Insurance Fund Plan** (Other Post-Employment Benefits; OPEB) and each Plan is further sub-divided based on **Non-Hazardous** duty and **Hazardous** duty covered-employee classifications. The City has both *Non-Hazardous* and *Hazardous Duty* employees.

Membership in CERS consisted of the following at June 30, 2023:

	Non-Hazardous		Hazardous	
	Pension	OPEB	Pension	OPEB
Active Plan Members	77,849	76,946	9,184	9,109
Inactive Plan Members	105,707	28,719	4,100	883
Retired Members	68,889	37,584	11,231	7,655
	<u>252,445</u>	<u>143,249</u>	<u>24,515</u>	<u>17,647</u>
Number of participating employers		<u>1,141</u>		<u>260</u>

**PENSION PLAN**

**Non-Hazardous Pension Plan Description**

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

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Tier 1	Participation date Unreduced retirement Reduced retirement	Before September 1, 2008 27 years service or 65 years old At least 5 years 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

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years of service and 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 health insurance benefits 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 or 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 nonservice-related disability benefits.

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

	<u>Required Contribution</u>
Tier 1	5%
Tier 2	5%
Tier 3	5%

**Hazardous Pension Plan Description**

*Benefits Provided* – CERS provides retirement, health insurance, death and disability benefits to hazardous plan employees and beneficiaries. Employees are vested in the plan after five years of service.

For retirement purposes, employees are grouped into three tiers, based on hire date:



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Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	At least one month of hazardous duty service credit and 55 years old, or any age with 20 years of service.
	Reduced retirement	15 years service and 50 years old
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years of hazardous duty service credit and 60 years old or any age with 25 years of service.
	Reduced retirement	15 years service and 50 years old
Tier 3	Participation date	On or after January 1, 2014
	Unreduced retirement	At least 5 years of hazardous duty service credit and 60 years old or 25 or more years of service, with no age requirement
	Reduced retirement	Not available

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years of service and 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 health insurance benefits 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 or 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 nonservice-related disability benefits.

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

	<u>Required Contribution</u>
Tier 1	8%
Tier 2	8%
Tier 3	8%

**Contributions**

For non-hazardous duty employees, the City contributed 23.34% of covered-employee's compensation, of which 23.34% was for the pension fund and 0.00% was for the health insurance fund.

For hazardous duty employees, the City contributed 43.69% of covered-employee's compensation, of which 41.11% was for the pension fund and 2.58% was for the health insurance fund.

The City made all required contributions for the non-hazardous plan pension obligation for the fiscal year in the amount of \$231,940, of which \$231,940 was for the pension fund and \$0 was for the health insurance fund.

The City made all required contributions for the hazardous plan pension obligation for the fiscal year in the amount of \$892,486, of which \$839,783 was for the pension fund and \$52,703 was for the health insurance fund.

<b>CITY OF EDGEWOOD, KENTUCKY</b> <b>Notes to Financial Statements</b> <b>June 30, 2024</b>
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**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

At June 30, 2024, the City reported a liability of \$9,404,903 (\$2,278,630 for the non-hazardous plan and \$7,126,273 for the hazardous plan) as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At the June 30, 2023 measurement year, the City's non-hazardous employer allocation proportion was 0.0355% of the total CERS non-hazardous duty employees and the hazardous employer allocation proportion was 0.2643% of the total CERS hazardous duty employees. For the year ended June 30, 2024, the City recognized pension benefit of \$549,812 in addition to its \$1,124,427 pension contribution.

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Non-Hazardous		Hazardous		Total	
	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	\$ 117,960	\$ (6,192)	\$ 325,784	\$ -	\$ 443,744	\$ (6,192)
Net difference between projected actual earnings on plan investments	-	(31,081)	-	(71,490)	-	(102,571)
Changes of assump.	-	(208,838)	-	(556,542)	-	(765,380)
Changes in proportion, differences between contributions and proportionate share of contributions	28,171	-	53,313	(826,058)	81,484	(826,058)
Contributions subsequent to the measurement date	231,940	-	839,783	-	1,071,723	-
	<u>\$ 378,071</u>	<u>\$ (246,111)</u>	<u>\$ 1,218,880</u>	<u>\$ (1,454,090)</u>	<u>\$ 1,596,951</u>	<u>\$ (1,700,201)</u>

The City's contributions subsequent to the measurement date of \$1,071,723 will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>CITY OF EDGEWOOD, KENTUCKY</b> <b>Notes to Financial Statements</b> <b>June 30, 2024</b>
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Measurement Year Ending June 30,	Net Deferral
2024	\$ (385,125)
2025	(531,921)
2026	(117,651)
2027	(140,276)
2028	-
Thereafter	-
	<u>\$ (1,174,973)</u>

**Actuarial Methods and Assumptions for Determining the Net Pension Liability**

For financial reporting, the actuarial valuation as of June 30, 2023, was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability, and sensitivity information as of June 30, 2023, were based on an actuarial valuation date of June 30, 2022. The total pension liability was rolled-forward from the valuation date (June 30, 2022) to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles.

**Changes of Assumptions**

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023 and include a change in the investment return assumption from 6.25% to 6.50%. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022." The Total Pension Liability as of June 30, 2023, is determined using these updated assumptions.

House Bill 506 passed during the 2023 legislative session and reinstated the Partial Lump Sum Option form of payment for members who retire on and after January 1, 2024, with the lump-sum options expanded to include 48 or 60 times the member's monthly retirement allowance. Since this optional form of payment results in a reduced, actuarial equivalent, monthly retirement allowance for members who elect a partial lump-sum option, this provision does not have a fiscal impact to the total pension liability.

House Bill 506 also adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month under all circumstances. This is a minimal change for members in the hazardous plans, as the minimum separation period was already one month for members who became reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who became reemployed on a part-time basis or in any nonhazardous position. GRS believes this provision of House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore reflected no fiscal impact to the total pension liability of the hazardous plan.

Similarly, this is a relatively small change for future retirees in the non-hazardous plans. But as the minimum separation period was previously three months in almost every circumstance, GRS assumed that there would be a one percent (1%) increase in the rate of retirement for each of the first two years a non-hazardous member becomes retirement eligible under the age of 65 in order to reflect a shift in the retirement pattern. The total pension liability as of June 30, 2023, for the non-hazardous plans is determined using these updated benefits provisions.

<b>CITY OF EDGEWOOD, KENTUCKY</b> <b>Notes to Financial Statements</b> <b>June 30, 2024</b>
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There have been no other plan provision changes that would materially impact the total pension liability since June 30, 2022. It is GRS's opinion that these procedures for determining the information contained in this report are reasonable, appropriate, and comply with applicable requirements under GASB No. 68.

The actuarial assumptions are:

Inflation	2.50%
Payroll Growth Rate	2.0% for CERS Non-hazardous and Hazardous
Salary Increases	3.30% to 10.30%, varies by service for CERS Non-hazardous 3.55% to 19.05%, varies by service for CERS Hazardous
Investment Rate of Return	6.50% for CERS Non-hazardous and Hazardous

The mortality table used for active members was a Pub-2010 General Mortality table, for the Non-hazardous System, and the Pub-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

**Discount Rate**

The projection of cash flows used to determine the discount rate of 6.50% for CERS non-hazardous and hazardous systems assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute, as amended by House Bill 362, (passed in 2018) over the remaining 28 years (closed) amortization period of the unfunded actuarial accrued liability.

**Actuarial Methods and Assumptions used to determine the Actuarial Determined Contributions for Fiscal Year 2023**

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2023:

Valuation Date	June 30, 2021
Experience Study	July 1, 2018 to June 30, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years closed period at June 30, 2019; gains and losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0%

**CITY OF EDGEWOOD, KENTUCKY**  
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Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service for Non-Hazardous 3.55% to 19.05%, varies by service for Hazardous
Investment Rate of Return	6.25%
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

**Plan Target Allocation**

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

Asset Class	CERS Pensions Non-Hazardous and Hazardous Target Allocation	Long Term Expected Nominal Return
Public equity	50.00%	5.90%
Private equity	10.00%	11.73%
Core bonds	10.00%	2.45%
Specialty credit / high yield	10.00%	3.65%
Cash	0.00%	1.39%
Real estate	7.00%	4.99%
Real return	13.00%	5.15%
Expected Real Return	100.00%	5.75%
Long-Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		8.25%

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

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

	Proportionate Share of Net Pension Liability		
	1% Decrease 5.50%	Current Rate 6.50%	1% Increase 7.50%
Non-hazardous	\$ 2,876,908	\$ 2,278,630	\$ 1,781,439
Hazardous	8,998,621	7,126,273	5,596,990
Total	\$ 11,875,529	\$ 9,404,903	\$ 7,378,429

<b>CITY OF EDGEWOOD, KENTUCKY</b> <b>Notes to Financial Statements</b> <b>June 30, 2024</b>
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**HEALTH INSURANCE – OTHER POST-EMPLOYMENT BENEFITS**

**Non-Hazardous OPEB Plan Description**

*Benefits Provided* – CERS provides retirement, health insurance, death and disability benefits to non-hazardous duty Plan employees and beneficiaries. Health insurance coverage is provided through payment/partial payment of insurance premiums for both non-Medicare-eligible and Medicare-eligible retirees.

Tier 1	Participation date	Before July 1, 2003
	Benefit eligibility	Recipient of a retirement allowance
	Percentage of member premium paid by the plan	< 4 years service - 0% 4-9 years service - 25% 10-14 years service - 50% 15-19 years service - 75% 20 or more years service - 100%
Tier 2	Participation date	July 1, 2003 - August 31, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 120 months of service at retirement
	Member premium paid by the plan	\$10/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2016, the contribution was \$12.99 per month.
Tier 3	Participation date	On or after September 1, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 180 months of service at retirement
	Member premium paid by the plan	\$10/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2016, the contribution was \$12.99 per month.

*Contributions* – Required health insurance Plan contributions by the employee are based on the tier:

	Required Contribution
Tier 1	None
Tier 2	1%
Tier 3	1%

**Hazardous OPEB Plan Description**

*Benefits Provided* – CERS provides retirement, health insurance, death and disability benefits to hazardous duty Plan employees and beneficiaries. Health insurance coverage is provided through payment/partial payment of insurance premiums for both non-Medicare-eligible and Medicare-eligible retirees.

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Tier 1	Participation date	Before July 1, 2003
	Benefit eligibility	Recipient of a retirement allowance
	Percentage of member premium paid by the plan	< 4 years service - 0% 4-9 years service - 25% 10-14 years service - 50% 15-19 years service - 75% 20 or more years service - 100%
Tier 2	Participation date	July 1, 2003 - August 31, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 120 months of service at retirement
	Member premium paid by the plan	\$15/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2018, the contribution was \$20.07 per month.
Tier 3	Participation date	On or after September 1, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 180 months of service at retirement
	Member premium paid by the plan	\$15/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2018, the contribution was \$20.07 per month.

*Contributions* – Required health insurance Plan contributions by the employee are based on the tier:

	<u>Required Contribution</u>
Tier 1	None
Tier 2	1%
Tier 3	1%

**Contributions**

Contribution requirements for covered employees and participating governmental entities are established and may be amended by the KPPA Trustees.

For non-hazardous employees, the City contributed 0.00% of covered employees' compensation for the health insurance fund.

For hazardous duty employees, the City contributed 2.58% of covered employees' compensation for the health insurance fund.

The City made all required contributions for the non-hazardous plan OPEB obligation for the fiscal year in the amount of \$0.

The City made all required contributions for the hazardous plan OPEB obligation for the fiscal year in the amount of \$52,703.

**CITY OF EDGEWOOD, KENTUCKY**  
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These contributions are actuarially determined as an amount that is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2024, the City recognized OPEB benefit of \$348,429 in addition to its \$52,703 OPEB contribution.

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

At June 30, 2024, the City reported a liability of \$312,396 as its proportionate share of the net OPEB liability. The net OPEB liability 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 was based on a projection of the City's long-term share of contributions to the OPEB Plan relative to the projected contributions of all governmental entities, actuarially determined. At the June 30, 2023 measurement year, the City's non-hazardous employer allocation proportion was 0.0355% of the total CERS non-hazardous duty employees and the hazardous employer allocation proportion was 0.2642% of the total CERS hazardous duty employees.

In addition, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Non-Hazardous		Hazardous		Total	
	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	\$ 34,181	\$ (696,161)	\$ 32,690	\$ (1,490,046)	\$ 66,871	\$ (2,186,207)
Net difference between projected actual earnings on plan investments	-	(11,378)	-	(49,775)	-	(61,153)
Changes of assump.	96,485	(67,241)	246,782	(376,768)	343,267	(444,009)
Changes in proportion, differences between contributions and proportionate share of contributions	23,832	-	16,229	(304,157)	40,061	(304,157)
Contributions subsequent to the measurement date	-	-	52,703	-	52,703	-
	<u>\$ 154,498</u>	<u>\$ (774,780)</u>	<u>\$ 348,404</u>	<u>\$ (2,220,746)</u>	<u>\$ 502,902</u>	<u>\$ (2,995,526)</u>

The City's contributions subsequent to the measurement date of \$52,703 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:



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Measurement Year Ending June 30,	Net Deferral
2024	\$ (539,741)
2025	(629,218)
2026	(490,387)
2027	(598,732)
2028	(287,250)
Thereafter	-
	<u>\$ (2,545,328)</u>

**Actuarial Methods and Assumptions to Determine the Net OPEB Liability**

For financial reporting, the actuarial valuation as of June 30, 2023, was performed by Gabriel Roeder Smith (GRS). The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2023, were based on an actuarial valuation date of June 30, 2022. The total OPEB liability was rolled-forward from the valuation date (June 30, 2022) to the plan's fiscal year ending June 30, 2023, using the generally accepted actuarial principles.

The following actuarial assumptions were used in performing the actuarial valuation as of June 30, 2023:

Inflation	2.50%
Payroll Growth Rate	2.0% for CERS Non-hazardous and Hazardous
Salary Increase	3.30% to 10.30%, varies by service for CERS Non-hazardous 3.55% to 19.05%, varies by service for CERS Hazardous
Investment Rate of Return	6.50%
Health Care Trend Rates	
Pre-65	Initial trend starting at 6.80% at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post-65	Initial trend starting at 8.50% in 2025, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-hazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.
Post-retirement (nondisabled)	System-specific mortality table based on mortality experience from 2013-2022 projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP- 2020 mortality improvement scale using a base year 2010.

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the report titled "2022 Actuarial Experiences Study for the Period Ending June 30, 2022". Additionally, the single discount rates used to calculate the total OPEB liability within each plan

<p><b>CITY OF EDGEWOOD, KENTUCKY</b>  <b>Notes to Financial Statements</b>  <b>June 30, 2024</b></p>
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changed since the prior year. Additional information regarding the single discount rates is provided below. The Total OPEB Liability as of June 30, 2023, is determined using these updated assumptions.

House Bill 506 passed during the 2023 legislative session reinstated the Partial Lump Sum Option form of payment for members who retire on and after January 1, 2024 and adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month for all circumstances.

This is a minimal change for members in the hazardous plans, as the minimum separation period was already one month for members who became reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who became reemployed on a part-time basis in any nonhazardous position. GRS believes this provision of House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore have reflected no fiscal impact to the total OPEB liability of the hazardous plan.

Similarly, this is a relatively small change for future retirees in the non-hazardous plan. But as the minimum separation period was previously three months in almost every circumstance, GRS assumed that there would be a one percent (1%) increase in the rate of retirement for each of the first two years a non-hazardous member becomes retirement eligible under the age of 65, in order to reflect a shift in the retirement pattern. The total OPEB liability as of June 30, 2023, for the non-hazardous plan is determined using these updated benefit provisions.

There have been no other plan provision changes that would materially impact the total OPEB liability since June 30, 2022. It is GRS's opinion that these procedures are reasonable and appropriate and comply with applicable requirements under GASB Statement No. 75.

**Actuarial Methods and Assumptions used to determine the Actuarial Determined Contribution for Fiscal Year 2023**

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for the fiscal year ending June 30, 2023:

Valuation Date	June 30, 2021
Experience Study	July 1, 2018 to June 30, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years closed period at June 30, 2019; gains and losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service for Non-hazardous 3.55% to 19.05%, varies by service for Hazardous

<p><b>CITY OF EDGEWOOD, KENTUCKY</b>  <b>Notes to Financial Statements</b>  <b>June 30, 2024</b></p>
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Investment Rate of Return 6.25%

Healthcare Trend Rates

Pre - 65

Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were included into the liability measurement.

Post - 65

Initial trend starting at 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were included into the liability measurement.

Mortality

Pre-retirement

PUB-2010 General Mortality table, for the Non-hazardous Systems, and the PUB2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

Post-retirement (non- disabled)

System-specific mortality table based on mortality experience 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

Post-retirement (disabled)

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

The single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2021, valuation process and was updated to better reflect the plan's anticipated long-term healthcare costs. There were no other material assumption changes.

Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2003, by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable on January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA.

The total OPEB liability as of June 30, 2023, is determined using these updated benefit provisions. There were no other material plan provision changes.

**Changes of Assumptions**

The discount rates used to calculate the total OPEB liability increased from 5.70% to 5.93%. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2023 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. There were no other material assumption changes.

**CITY OF EDGEWOOD, KENTUCKY**  
**Notes to Financial Statements**  
**June 30, 2024**

**Discount Rate**

Single discount rates of 5.93% for CERS non-hazardous and 5.97% for CERS hazardous were used to measure the total OPEB liability as of June 30, 2023. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50%, and a municipal bond rate of 3.86%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plan trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy.

**Plan Target Allocation**

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

Asset Class	CERS Pensions Non-Hazardous and Hazardous Target Allocation	Long Term Expected Nominal Return
Public equity	50.00%	5.90%
Private equity	10.00%	11.73%
Core bonds	10.00%	2.45%
Specialty credit /high yield	10.00%	3.65%
Cash	0.00%	1.39%
Real estate	7.00%	4.99%
Real return	13.00%	5.15%
Expected Real Return	100.00%	5.75%
Long-Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		8.25%

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

The following presents the proportionate share of the net OPEB liability calculated using the discount rates of 5.93% for the Non-hazardous plan and the 5.97% for the hazardous plan, as well as what the proportionate share of the 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:

**CITY OF EDGEWOOD, KENTUCKY**  
**Notes to Financial Statements**  
**June 30, 2024**

	Proportionate Share of Net OPEB Liability		
	1.00% Decrease	Current Rate	1.00% Increase
Discount Rate, Non-Hazardous	4.93%	5.93%	6.93%
Net OPEB liability, Non-Haz	\$ 92,008	\$ (49,029)	\$ (167,130)
Discount Rate, Hazardous	4.97%	5.97%	6.97%
Net OPEB liability, Haz	\$ 914,049	\$ 361,425	\$ (99,059)
Total	\$ 1,006,057	\$ 312,396	\$ (266,189)

**Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the proportionate share of the net OPEB liability, as well as what the proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Proportionate Share of Net OPEB Liability		
	1.00% Decrease	Current Rate	1.00% Increase
Healthcare cost trend rate			
Net OPEB liability, Non-hazardous	\$ (157,146)	\$ (49,029)	\$ 83,783
Net OPEB liability, Hazardous	4,118	361,425	792,946
Total	\$ (153,028)	\$ 312,396	\$ 876,729

**Plan Fiduciary Net Position**

Both the Pension Plan and the Health Insurance Plan issue publicly available financial report that include financial statements and required supplementary information, and detailed information about each Plan's fiduciary net position. These reports may be obtained, in writing, from the Kentucky Public Pension Authority, 1260 Louisville Road, Perimeter Park West, Frankfort, Kentucky, 40601 or online at [www.kyret.ky.gov](http://www.kyret.ky.gov).

**NOTE 9 – SECTION 457 RETIREMENT PLAN**

The City offered, on a voluntary basis, an IRS Section 457 deferred compensation retirement plan, through an independent plan provider, for its employees. A Section 457 plan is a non-qualified, tax advantaged, deferred compensation retirement plan that is available to governmental employers in the United States. The City provided the plan and employees who wish to participate defer compensation into it on a pre-tax or after-tax (Roth) basis. This plan was held as a fiduciary fund, as noted in NOTE A, was managed by the City, was wholly owned by the employees who participate, and was not an asset of the City. During the year ended June 30, 2023, the City switched providers of the plan and the plan assets were distributed to each employee, based on the share invested, to manage individually. This fiduciary fund's balance was \$0 at June 30, 2023 and was closed by the City during the year ended June 30, 2024.

**NOTE 10 – RISK MANAGEMENT**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The City has obtained insurance coverage through a commercial insurance company. In addition, the City has effectively managed risk through various employee education and prevention programs. All risk general liability

**CITY OF EDGEWOOD, KENTUCKY**  
**Notes to Financial Statements**  
**June 30, 2024**

management activities are accounted for in the General Fund. Expenditures and claims are recognized when probable that a loss has occurred, and the amount of loss can be reasonably estimated.

Management estimates that the amount of actual or potential claims against the City as of June 30, 2024 will not materially affect the financial condition of the City. Therefore, the General Fund contains no provision for estimated claims. No claim has exceeded insurance coverage amounts in the past three fiscal years.

**NOTE 11 – CLAIMS AND JUDGEMENTS**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**NOTE 12 – IMPLEMENTATION OF NEW ACCOUNTING STANDARDS**

Statement No. 99 – *Omnibus 2020*, Para. 4-10 – This standard has no significant impact on the City.

Statement No. 100 – *Accounting Changes and Error Corrections* – This standard has no significant impact on the City.

Statement No. 101 – *Compensated Absences* – This standard has no significant impact on the City.

**NOTE 13 – FUTURE ACCOUNTING STANDARDS**

Statement No. 102 – *Certain Risk Disclosures* – Implementation in FY 2025

Statement No. 103 – *Financial Reporting Model Improvements* – Implementation in FY 2026

**NOTE 14 – SUBSEQUENT EVENTS**

Management has evaluated events through January 23, 2025, the date on which the financial statements were available for issue. The City has no events subsequent to June 30, 2024 through January 23, 2025 to disclose.

**CITY OF EDGEWOOD, KENTUCKY**  
**STATEMENT OF REVENUES, EXPEDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (WITH VARIANCES) - GENERAL FUND**  
**For the Year Ended June 30, 2024**

	Original Budget	Amendments	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Budgetary fund balance, July 1</b>	\$ 5,885,000	\$ -	\$ 5,885,000	\$ 7,308,081	\$ 1,423,081
<b>Resources (inflows):</b>					
<b>Taxes</b>					
Real estate tax	1,965,400	-	1,965,400	2,046,186	80,786
Payroll tax	5,500,000	-	5,500,000	6,570,879	1,070,879
Net profits tax	395,000	-	395,000	470,351	75,351
Bank deposit tax	75,000	-	75,000	147,282	72,282
Public service tax	62,000	-	62,000	53,083	(8,917)
Franchise tax	250,000	-	250,000	296,471	46,471
Cable return	75,000	-	75,000	77,251	2,251
<b>Licenses and permits</b>					
Occupational licenses	80,000	-	80,000	73,649	(6,351)
ABC licenses	7,800	-	7,800	6,137	(1,663)
Garage permits	500	-	500	290	(210)
Building and zoning	100	-	100	14,850	14,750
<b>Fines and forfeitures</b>					
Real estate penalties and interest	12,000	-	12,000	16,619	4,619
Police	2,000	-	2,000	1,396	(604)
<b>Other revenues</b>					
Memorials	100	-	100	749	649
Newsletter advertisements	2,500	-	2,500	2,400	(100)
Miscellaneous	30,000	-	30,000	109,012	79,012
<b>Investment income, other financing</b>	70,000	-	70,000	210,848	140,848
<b>Intergovernmental</b>					
Police and fire state incentives	146,000	-	146,000	174,257	28,257
Municipal road aid	186,000	-	186,000	201,024	15,024
Base court revenue	12,000	-	12,000	12,691	691
Fire department state aid	11,000	-	11,000	11,500	500
Other grants	1,324,925	210,000	1,534,925	1,077,020	(457,905)
<b>Charges for services</b>					
Waste	900,000	-	900,000	1,087,247	187,247
EMS response fee	325,000	-	325,000	400,225	75,225
Contract fire department	290,000	-	290,000	304,490	14,490
Police special duty	8,000	-	8,000	12,778	4,778
SRO fee	139,500	-	139,500	196,792	57,292
Facility rental	80,000	-	80,000	84,249	4,249
Recreation programs	45,000	-	45,000	42,858	(2,142)
<b>Total resources (inflows)</b>	<u>11,994,825</u>	<u>210,000</u>	<u>12,204,825</u>	<u>13,702,584</u>	<u>1,497,759</u>
<b>Amount available for appropriation</b>	<u>17,879,825</u>	<u>210,000</u>	<u>18,089,825</u>	<u>21,010,665</u>	<u>2,920,840</u>

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

Continued on next page

**CITY OF EDGEWOOD, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (WITH VARIANCES) - GENERAL FUND - (Continued)**  
**For the Year Ended June 30, 2024**

	Original Budget	Amendments	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Charges to appropriations (outflows):</b>					
<b>Administration</b>					
Personnel	\$ 656,779	\$ -	\$ 656,779	\$ 670,404	\$ (13,625)
Operations & Maintenance	85,650	-	85,650	66,030	19,620
<b>General government</b>					
Contractual	434,000	-	434,000	494,597	(60,597)
Parks & Recreation	230,000	-	230,000	212,528	17,472
Operations & Maintenance	2,081,910	655,269	2,737,179	2,551,052	186,127
<b>Police</b>					
Personnel	2,209,658	-	2,209,658	2,076,601	133,057
Contractual	18,200	-	18,200	16,152	2,048
Operations & Maintenance	225,600	-	225,600	207,629	17,971
<b>Fire and EMS</b>					
Personnel	2,573,412	-	2,573,412	2,416,498	156,914
Contractual	8,000	-	8,000	8,000	-
Operations & Maintenance	498,300	247,000	745,300	661,169	84,131
<b>General services</b>					
Personnel	1,010,903	-	1,010,903	945,676	65,227
Contractual Services	4,128,850	-	4,128,850	3,324,059	804,791
Operations & Maintenance	393,000	-	393,000	384,883	8,117
<b>Total charges to appropriations</b>	<b>14,554,262</b>	<b>902,269</b>	<b>15,456,531</b>	<b>14,035,278</b>	<b>1,421,253</b>
Interfund transfers	(705,000)	-	(705,000)	(699,715)	5,285
<b>Budgetary fund balance, June 30</b>	<b>\$ 2,620,563</b>	<b>\$ (692,269)</b>	<b>\$ 1,928,294</b>	<b>\$ 6,275,672</b>	<b>\$ 4,347,378</b>

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



**CITY OF EDGEWOOD, KENTUCKY  
 MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT PENSION PLAN DISCLOSURE - NON-HAZARDOUS  
 For the Year Ended June 30, 2024**

	Schedule of the City's Proportionate Share of the Net Pension Liability County Employees' Retirement System (CERS)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of net pension liability of measurement	0.0355%	0.0353%	0.0345%	0.0332%	0.0329%	0.0323%	0.0272%	0.0263%	0.0267%	0.0239%
Proportionate share of the net pension liability (asset)	\$ 2,278,630	\$ 2,551,625	\$ 2,199,454	\$ 2,543,958	\$ 2,314,434	\$ 1,968,569	\$ 1,590,929	\$ 1,292,919	\$ 1,148,876	\$ 775,925
Covered payroll in year	957,884	1,011,423	912,465	893,683	878,531	771,608	665,104	626,489	670,051	548,671
Share of the net pension liability (asset) as a percentage of its covered payroll	237.88%	252.28%	241.05%	284.66%	263.44%	255.13%	239.20%	206.38%	171.46%	141.42%
Plan fiduciary net position as a percentage of total pension liability	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%
	Schedule of the City's Contributions County Employees' Retirement System (CERS)									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 231,940	\$ 224,145	\$ 214,118	\$ 176,106	\$ 172,481	\$ 142,498	\$ 111,729	\$ 92,782	\$ 77,810	\$ 85,431
Actual contribution	231,940	224,145	214,118	176,106	172,481	142,498	111,729	92,782	77,810	85,431
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	993,746	957,884	1,011,423	912,465	893,683	878,531	771,608	665,104	626,489	670,051
Contributions as a percentage of covered payroll	23.34%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

**Notes to Required Supplementary Information  
 For the Year Ended June 30, 2024**

The net pension liability as of June 30, 2024, is based on the June 30, 2023, actuarial valuation. The changes to the elements of the pension expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between City's contributions and proportionate share of contributions are detailed in NOTE 8 in the Notes to the Financial Statements.

**CITY OF EDGEWOOD, KENTUCKY**  
**MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT PENSION PLAN DISCLOSURE - HAZARDOUS**  
**For the Year Ended June 30, 2024**

	Schedule of the City's Proportionate Share of the Net Pension Liability									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of net pension liability of multiple employer, cost sharing, defined benefit pension plan disclosure - hazardous	0.2643%	0.2875%	0.3073%	0.3102%	0.3101%	0.3230%	0.2972%	0.3063%	0.2976%	0.2678%
Proportionate share of the net pension liability (asset)	\$ 7,126,273	\$ 8,773,092	\$ 8,180,203	\$ 9,104,662	\$ 8,565,436	\$ 7,812,487	\$ 6,649,550	\$ 5,255,708	\$ 4,567,926	\$ 3,217,984
Covered payroll in year of measurement	1,953,359	1,866,376	1,857,190	1,786,122	1,787,431	1,811,228	1,696,421	1,623,930	1,401,874	1,356,182
Share of the net pension liability (asset) as a percentage of its covered payroll	364.82%	470.06%	440.46%	509.74%	479.20%	431.34%	391.98%	323.64%	325.84%	237.28%
Plan fiduciary net position as a percentage of total pension liability	52.96%	47.11%	52.26%	44.11%	46.63%	49.26%	53.95%	53.95%	57.52%	63.46%

  

	Schedule of the City's Contributions									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 839,783	\$ 836,233	\$ 631,955	\$ 558,271	\$ 536,908	\$ 444,355	\$ 402,093	\$ 368,293	\$ 329,008	\$ 321,730
Actual contribution	839,783	836,233	631,955	558,271	536,908	444,355	402,093	368,293	329,008	321,730
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	2,042,771	1,953,359	1,866,376	1,857,190	1,786,122	1,787,431	1,811,228	1,696,421	1,623,930	1,401,874
Contributions as a percentage of covered payroll	41.11%	42.81%	33.86%	30.06%	30.06%	24.86%	22.20%	21.71%	20.26%	22.95%

**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2024**

The net pension liability as of June 30, 2024, is based on the June 30, 2023, actuarial valuation. The changes to the elements of the pension expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between City's contributions and proportionate share of contributions are detailed in NOTE 8 in the Notes to the Financial Statements.

**CITY OF EDGEWOOD, KENTUCKY**  
**MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT OPEB PLAN DISCLOSURE - NON-HAZARDOUS**  
**For the Year Ended June 30, 2024**

	Schedule of the City's Proportionate Share of the Net OPEB Liability									
	County Employees' Retirement System (CERS)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of net OPEB liability	0.0355%	0.0353%	0.0345%	0.0332%	0.0329%	0.0323%	0.0272%			
Proportionate share of the net OPEB liability (asset)	\$ (49,029)	\$ 696,473	\$ 660,275	\$ 800,979	\$ 553,363	\$ 574,226	\$ 546,411			
Covered payroll in year of measurement	957,884	1,011,423	912,465	893,683	878,531	771,608	665,104			
Share of the net OPEB liability (asset) as a percentage of its covered payroll	-5.12%	68.86%	72.36%	89.63%	62.99%	74.42%	82.15%			
Plan fiduciary net position as a percentage of total OPEB liability	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%			

**Schedule of the City's Contributions**

	County Employees' Retirement System (CERS)									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ -	\$ 32,472	\$ 58,460	\$ 43,433	\$ 42,539	\$ 46,211	\$ 36,266	\$ 31,459		
Actual contribution	-	32,472	58,460	43,433	42,539	46,211	36,266	31,459		
Contribution deficiency (excess)	-	-	-	-	-	-	-	-		
Covered payroll	993,746	957,884	1,011,423	912,465	893,683	878,531	771,608	665,104		
Contributions as a percentage of covered payroll	0.00%	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%	4.73%		

**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2024**

The net OPEB liability as of June 30, 2024, is based on the June 30, 2023, actuarial valuation. The changes to the elements of the OPEB expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between City's contributions and proportionate share of contributions are detailed in NOTE 8 in the Notes to the Financial Statements.

**CITY OF EDGEWOOD, KENTUCKY**  
**MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT OPEB PLAN DISCLOSURE - HAZARDOUS**  
**For the Year Ended June 30, 2024**

**Schedule of the City's Proportionate Share of the Net OPEB Liability**  
**County Employees' Retirement System (CERS)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of net OPEB liability	0.2642%	0.2874%	0.3073%	0.3020%	0.3100%	0.3232%	0.2972%			
Proportionate share of the net OPEB liability (asset)	\$ 361,425	\$ 2,447,700	\$ 2,484,517	\$ 2,790,845	\$ 2,293,736	\$ 2,304,007	\$ 2,457,000			
Covered payroll in year of measurement	1,953,359	1,866,376	1,857,190	1,786,122	1,787,431	1,811,228	1,696,421			
Share of the net OPEB liability (asset) as a percentage of its covered payroll	18.50%	131.15%	133.78%	156.25%	128.33%	127.21%	144.83%			
Plan fiduciary net position as a percentage of total OPEB liability	92.27%	64.13%	66.81%	58.84%	64.44%	64.24%	59.00%			

**Schedule of the City's Contributions**

**County Employees' Retirement System (CERS)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 52,703	\$ 132,438	\$ 195,410	\$ 176,804	\$ 170,039	\$ 187,144	\$ 169,350	\$ 158,615		
Actual contribution	52,703	132,438	195,410	176,804	170,039	187,144	169,350	158,615		
Contribution deficiency (excess)	-	-	-	-	-	-	-	-		
Covered payroll	2,042,771	1,953,359	1,866,376	1,857,190	1,786,122	1,787,431	1,811,228	1,696,421		
Contributions as a percentage of covered payroll	2.58%	6.78%	10.47%	9.52%	9.52%	10.47%	9.35%	9.35%		

**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2024**

The net OPEB liability as of June 30, 2024, is based on the June 30, 2023, actuarial valuation. The changes to the elements of the OPEB expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between City's contributions and proportionate share of contributions are detailed in NOTE 8 in the Notes to the Financial Statements.

**CITY OF EDGEWOOD, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND**  
**For the Year Ended June 30, 2024**

	Original Budget	Amendments	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Budgetary fund balance, July 1</b>	\$ -	\$ -	\$ -	\$ 55,906	\$ 55,906
<b>Resources (inflows):</b>					
Investment income	-	-	-	-	-
Total resources (inflows)	-	-	-	-	-
<b>Amounts available for appropriation</b>	-	-	-	55,906	55,906
<b>Charges to appropriations (outflows):</b>					
Debt service expenditures	666,000	-	666,000	699,715	(33,715)
<b>Total charges to appropriations</b>	666,000	-	666,000	699,715	(33,715)
Operating transfers in	666,000	-	666,000	699,715	33,715
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 55,906	\$ 55,906

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

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**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**

**To the Mayor and  
Members of City Council  
City of Edgewood, 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, each major fund, and the aggregate remaining fund information of City of Edgewood, Kentucky as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Edgewood, Kentucky's basic financial statements, and have issued our report thereon dated January 23, 2025.

*Report on Internal Control Over Financial Reporting*

In planning and performing our audit of the financial statements, we considered the City of Edgewood, Kentucky's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Edgewood, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Edgewood, 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*Report on Compliance and Other Matters*

As part of obtaining reasonable assurance about whether City of Edgewood, Kentucky's financial statements are free of 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

*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.

**RANKIN, RANKIN & COMPANY**

A handwritten signature in cursive script that reads "Rankin, Rankin &amp; Company".

**Ft. Wright, Kentucky  
January 23, 2025**