

CITY OF EDGEWOOD, KENTUCKY
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
For the Year Ended June 30, 2025

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FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
For the Year Ended June 30, 2025

CONTENTS

	<u>Page</u>
City Officials.....	1
Independent Auditors' Report.....	2-4
Management's Discussion and Analysis.....	5-9
Basic Financial Statements	
Government Wide Statements	
Statement of Net Position.....	10
Statement of Activities.....	11
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	12
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	13
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	14
Reconciliation of the Statement Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities.....	15
Statement of Net Position - Internal Service Fund.....	16
Statement of Revenues, Expenses and Changes in Net Position - Internal Service Fund.....	17
Statement of Cash Flows - Internal Service Fund.....	18
Notes to Financial Statements.....	19-43
Required Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (With Variances) - General Fund.....	44-45
Multiple Employer, Cost Sharing, Defined Benefit Pension Plan Disclosure.....	46-47
Multiple Employer, Cost Sharing, Defined Benefit OPEB Plan Disclosure.....	48-49
Supplementary Information	
Budgetary Comparison Schedule - Debt Service Fund.....	50
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	52-53

CITY OF EDGEWOOD, KENTUCKY

LIST OF CITY OFFICIALS

For the Year Ended June 30, 2025

Mayor

John Link

Council Members

Ben Barlage	Joseph Messmer
Jeff Schreiver	W. Jamie Ruehl
Bridget Grady Spears	Dr. Scott Spille
Rob Thelen	

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 AUDITORS' 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, 2025, 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, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Notes 11 and 12 to the financial statements, the City of Edgewood, Kentucky restated its June 30, 2024 net position and fund balance to correct the accounts receivable and compensated absences. Our opinion is not modified with respect to this matter.

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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of 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 judgment, 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, budgetary comparison information of all major governmental funds, and the schedules for pension and other postemployment benefits plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Edgewood, Kentucky's basic financial statements. The budgetary comparison schedule of the non-major governmental fund on page 50 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 22, 2026, 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 the 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.

Bramel & Ackley, P.S.C.

April 22, 2026

**CITY OF EDGEWOOD, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Our discussion and analysis of the City of Edgewood, Kentucky's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the City's basic financial statements that begin on page 10.

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 10 and 11) 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 12. 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 2025 are as follows:

- The ending cash balance for the City was \$4.32M.
- The ending investment balance for the City was \$3.27M.

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 10 and 11 of this report.

**CITY OF EDGEWOOD, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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. The basic governmental fund financial statements can be found on pages 12 through 15 of this report. The proprietary fund financial statements can be found on pages 16 through 18 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 19 through 43 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 2025 compared to 2024:

Table 1 – Net Position of Governmental Activities

	2025	(Restated) 2024
Assets		
Current assets	\$ 9,694,966	\$ 8,494,048
Capital assets, net	30,561,239	30,098,575
Total Assets	<u>40,256,205</u>	<u>38,592,623</u>
Deferred Outflow of Resources	<u>2,029,097</u>	<u>2,153,538</u>
Liabilities		
Current and other liabilities	1,263,272	1,345,433
Noncurrent liabilities	10,514,979	11,582,299
Total Liabilities	<u>11,778,251</u>	<u>12,927,732</u>
Deferred Inflow of Resources	<u>4,526,075</u>	<u>4,811,490</u>
Net Position		
Invested in capital assets, net of related debt	28,283,192	27,836,941
Restricted for debt service	69,901	73,331
Unrestricted	(2,372,117)	(4,903,333)
	<u>\$ 25,980,976</u>	<u>\$ 23,006,939</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 \$25.98M as of June 30, 2025, a \$2.97M increase from the prior year.

**CITY OF EDGEWOOD, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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); 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 \$1.66M, primarily due to \$1.30M increase in cash and investments. Table 2 provides a summary of the City's change in net position for 2025 compared to 2024:

Table 2 - Change in Net Position

	2025	2024
General Revenues		
Taxes	\$ 10,365,303	\$ 9,714,826
Licenses and permits	92,216	94,926
Fines and forfeitures	19,038	59,051
Earnings on investments	202,244	210,850
Miscellaneous	75,214	93,786
Total General Revenues	10,754,015	10,173,439
Program Revenues		
Charges for services	2,192,260	2,128,639
Operating grants and contributions	374,968	399,472
Capital grants and contributions	223,634	1,077,020
Total Program Revenues	2,790,862	3,605,131
Expenses, net of program revenues		
General government	2,421,553	2,382,259
Police	2,007,135	1,990,502
Fire & EMS	2,013,166	2,464,850
Public works	1,882,984	1,796,859
Parks	228,219	212,528
Interest expense	34,228	47,934
Depreciation	1,983,555	1,813,111
Total Expenditures, net	10,570,840	10,708,043
Increase (Decrease) in Net Position	\$ 2,974,037	\$ 3,070,527

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 \$13.52M and expenditures of \$12.36M. Revenues decreased only 1.6%. The decrease in revenues received was due to \$878K less in intergovernmental revenues

**CITY OF EDGEWOOD, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

in 2025 (\$599K) than 2024 (\$1.48M). Taxes increased \$675K to make up the majority of the difference. There were no tax increases in 2025. Expenses decreased by 16.3%, mainly due to \$2.30M less in capital expenditures funded primarily by the aforementioned intergovernmental revenue.

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 general funds actual beginning fund balance was \$6.32M.

Revenues were initially budgeted at \$12.41M and were not amended. Actual revenues were \$13.51M. The major differences came from receiving \$1.26M more in payroll taxes, \$654K more in net profits taxes, and balanced by \$1.18M less in intergovernmental grants.

Expenditures were initially budgeted at \$14.77M and amended up to \$14.91M. Actual expenditures were \$11.86M. The major differences came from expending \$1.90M less than budget for General Services Contractual Services, \$746K less than budget in General Government Operations and Maintenance, \$104K less than budget in Fire and \$76K less than budget in General Services personnel expenses.

The ending actual general fund balance was \$7.48M.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2025, the City had \$30.56M invested in capital assets (net of depreciation), all in governmental activities.

Table 3 reflects fiscal year 2025 balances compared to fiscal year 2024.

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

	2025	2024
Land	\$ 1,671,935	\$ 1,671,935
Construction in progress	694,544	1,487,320
Infrastructure	18,894,705	17,884,419
Buildings and improvements	6,320,018	6,446,985
Vehicles and equipment	1,153,776	1,355,584
Park improvements	1,468,786	1,252,332
Right of use - vehicles	357,475	-
	<u>\$ 30,561,239</u>	<u>\$ 30,098,575</u>

The net change in capital assets of \$462,664 in the current year consisted of the following capital asset activity:

**CITY OF EDGEWOOD, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

Net deletions from construction in progress	\$ (792,776)
Net additions to infrastructure	1,621,497
Net additions to buildings and improvement	223,151
Net deletions of vehicles and equipment	(123,510)
Net additions to park improvements	319,489
Net additions to right of use - vehicles	357,475
Net depreciation expense	<u>(1,142,662)</u>
Total Change in Fixed Assets	<u>\$ 462,664</u>

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

At June 30, 2025, the City had \$2.22M in outstanding bonds and capital leases. The following is a summary of the City's debt transactions during the year ended June 30, 2025:

June 30, 2024	Additions	Payments	June 30, 2025
<u>\$ 2,315,319</u>	<u>\$ 385,516</u>	<u>\$ (477,107)</u>	<u>\$ 2,223,728</u>

GASB 68 Pension and GASB 75 OPEB Liability Recognition

As of June 30, 2025, the City recognized net pension and other post-employment benefits liabilities of \$8,615,842 based on a June 30, 2025 measurement date compared to \$9,717,299 in FY 2024. 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 2026 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 2026 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, 2025

Assets	<u>Governmental Activities</u>
Current Assets	
Cash and cash equivalents	\$ 4,315,032
Investments - current	3,271,038
Receivables	
Property taxes and waste fees	25,573
Payroll taxes	1,867,560
Intergovernmental receivables	34,565
National Opioid Settlement receivable	113,364
Other receivables	59,522
Prepaid expenses	8,312
Total Current Assets	<u>9,694,966</u>
Capital Assets	
Land and construction in progress	2,366,479
Depreciable capital assets, net of depreciation	27,837,285
Right of use assets, net of amortization	357,475
Net Capital Assets	<u>30,561,239</u>
Total Assets	<u>40,256,205</u>
Deferred Outflow of Resources	
Discount on bonds	11,345
Bond refunding costs	35,629
Deferred outflow of resources related to pensions and other post-employment benefits	1,982,123
Total Deferred Outflows of Resources	<u>2,029,097</u>
Total Assets and Deferred Outflows of Resources	<u>42,285,302</u>
Liabilities	
Current Liabilities	
Accounts payable	30,950
Accrued liabilities	641,224
Compensated absences	266,507
Current portion of lease liabilities	74,591
Current portion of bonds payable	250,000
Total Current Liabilities	<u>1,263,272</u>
Long-term Liabilities	
Bonds payable	1,615,000
Lease liabilities	284,137
Net pension and other post-employment benefits liability	8,615,842
Total Long-Term Liabilities	<u>10,514,979</u>
Total Liabilities	<u>11,778,251</u>
Deferred Inflow of Resources	
Premium on bonds	101,293
Deferred inflow of resources related to pensions and other post-employment benefits	4,424,782
Total Deferred Inflow of Resources	<u>4,526,075</u>
Total Liabilities and Deferred Inflow of Resources	<u>16,304,326</u>
Net Position	
Invested in capital assets, net of related debt	28,283,192
Restricted	69,901
Unrestricted	(2,372,117)
Total Net Position	<u>\$ 25,980,976</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Primary Government Governmental Activities					
General government	\$ 2,421,553	\$ 1,173,845	\$ 11,853	\$ -	\$ (1,235,855)
Police	2,007,135	262,526	172,216	-	(1,572,393)
Fire and EMS	2,013,166	710,684	15,000	-	(1,287,482)
Public works	1,882,984	-	175,899	223,634	(1,483,451)
Parks and recreation	228,219	45,205	-	-	(183,014)
Interest on debt service	34,228	-	-	-	(34,228)
Depreciation, unallocated	1,983,555	-	-	-	(1,983,555)
Total Governmental Activities	\$ 10,570,840	\$ 2,192,260	\$ 374,968	\$ 223,634	(7,779,978)
		General Revenues			
					10,365,303
					92,216
					202,244
					77,218
					(2,004)
					19,038
					10,754,015
					2,974,037
					22,872,351
					<i>Prior Period Adjustment - Note 11</i> 134,588
					\$ 25,980,976

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

CITY OF EDGEWOOD, KENTUCKY BALANCE SHEET - GOVERNMENTAL FUNDS June 30, 2025
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	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Police Asset Forfeiture Fund</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 4,196,347	\$ 55,906	13,995	\$ 4,266,248
Investments	3,271,038	-	-	3,271,038
Receivables				
Property taxes	13,609	-	-	13,609
Payroll taxes	1,867,560	-	-	1,867,560
Waste fees	7,614	-	-	7,614
Intergovernmental receivables	34,565	-	-	34,565
Interest receivable	4,350	-	-	4,350
National Opioid Settlement receivable	113,364	-	-	113,364
Other receivables	59,522	-	-	59,522
Prepaid expenses	8,312	-	-	8,312
Total Assets	<u>\$ 9,576,281</u>	<u>\$ 55,906</u>	<u>\$ 13,995</u>	<u>\$ 9,646,182</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 30,950	\$ -	\$ -	\$ 30,950
Accrued salaries	112,831	-	-	112,831
Accrued liabilities	528,394	-	-	528,394
Deferred revenue - Opioid Settlement	166,103	-	-	166,103
Deferred revenue - other	1,253,692	-	-	1,253,692
Total Liabilities	<u>2,091,970</u>	<u>-</u>	<u>-</u>	<u>2,091,970</u>
Fund Balances				
Unspendable	8,312	-	-	8,312
Restricted	-	55,906	13,995	69,901
Unassigned	7,475,999	-	-	7,475,999
Total Fund Balances	<u>7,484,311</u>	<u>55,906</u>	<u>13,995</u>	<u>7,554,212</u>
Total Liabilities and Fund Balances	<u>\$ 9,576,281</u>	<u>\$ 55,906</u>	<u>\$ 13,995</u>	<u>\$ 9,646,182</u>

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

<p>CITY OF EDGEWOOD, KENTUCKY RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2025</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		\$ 7,554,212
Capital assets of \$58,241,273, less accumulated depreciation of (\$28,037,509), used in governmental activities are not financial resources and, therefore, are not reported in the funds.		30,203,764
Right of use assets of \$385,516, less accumulated amortization of (\$28,041), used in governmental activities are not financial resources and, therefore, are not reported in the funds.		357,475
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.		
Taxes		1,253,692
National Opioid Settlement		166,103
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	\$ 16,208	
Less: accumulated amortization	<u>(4,862)</u>	11,346
Deferred refunding costs	50,899	
Less: accumulated amortization	<u>(15,270)</u>	35,629
Bond premium	\$ (144,704)	
Less: accumulated amortization	<u>43,411</u>	(101,293)
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		1,982,123
Deferred inflows related to pension and OPEB		(4,424,782)
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 position.		48,784
Long-term liabilities, including bonds payable, and net pension and OPEB liability are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds.		
Compensated absences		(266,507)
Net pension and other post-employment health insurance liability		(8,615,842)
Lease liability payable		(358,728)
Bonds payable		<u>(1,865,000)</u>
Net position of governmental activities		<u><u>\$ 25,980,976</u></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, 2025

	General Fund	Debt Service Fund	Police Asset Forfeiture Fund	Total Governmental Funds
Revenues				
Taxes	\$ 10,336,750	\$ -	\$ -	\$ 10,336,750
Licenses and permits	92,273	-	-	92,273
Fines and forfeitures	9,348	-	9,690	19,038
Other revenues	77,218	-	-	77,218
Investment income	202,437	-	-	202,437
Intergovernmental revenue	598,602	-	-	598,602
Charges for services	2,192,260	-	-	2,192,260
Total Revenues	13,508,888	-	9,690	13,518,578
Expenditures				
General government	2,507,826	-	-	2,507,826
Police	2,327,831	-	13,120	2,340,951
Fire and EMS	2,708,662	-	-	2,708,662
Public works	1,993,512	-	-	1,993,512
Parks and recreation	228,219	-	-	228,219
Capital outlay	2,089,493	-	-	2,089,493
Debt service	-	492,307	-	492,307
Total Expenditures	11,855,543	492,307	13,120	12,360,970
Excess (Deficit) of Revenues Over Expenditures	1,653,345	(492,307)	(3,430)	1,157,608
Other Financing Sources (Uses)				
Operating transfers in	-	492,307	-	492,307
Operating transfers out	(492,307)	-	-	(492,307)
Total Other Financing Sources (Uses)	(492,307)	492,307	-	-
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	1,161,038	-	(3,430)	1,157,608
Fund Balance, Beginning of Year	6,275,672	55,906	17,425	6,349,003
<i>Prior Period Adjustment - Note 11</i>	(31,515)	-	-	(31,515)
<i>Prior Period Adjustment - Note 12</i>	79,116	-	-	79,116
Fund Balance, End of Year	\$ 7,484,311	\$ 55,906	\$ 13,995	\$ 7,554,212

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

<p>CITY OF EDGEWOOD, KENTUCKY RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended June 30, 2025</p>
--

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

Net change in fund balance - total governmental funds	\$ 1,157,608
<p>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.</p>	
Capital outlays	\$ 2,089,493
Depreciation expense	<u>(1,983,554)</u>
	105,939
Loss on disposal of assets	(2,004)
Less: revenue recognized in the funds	<u>-</u>
	(2,004)
<p>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:</p>	
Pension benefits earned	721,087
Post employment health insurance benefits earned	533,585
<p>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.</p>	
	(5,090)
<p>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.</p>	
	12,850
<p>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.</p>	
Taxes	27,976
<p>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</p>	
	21,167
<p>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</p>	
Compensated absences	(49,400)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>	
Bonds	245,000
Leases	<u>205,319</u>
Change in net position of governmental activities	<u>\$ 2,974,037</u>

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

CITY OF EDGEWOOD, KENTUCKY STATEMENT OF NET POSITION - INTERNAL SERVICE FUND June 30, 2025

	Self Insured Health Insurance Fund
Assets	
Cash and cash equivalents	\$ 48,784
Accounts receivable	-
	<hr/>
Total Assets	48,784
	<hr/>
Liabilities	
Accrued liabilities	-
Due to General Fund	-
	<hr/>
Total Liabilities	-
	<hr/>
Net Position	
Held for insurance claims	48,784
	<hr/>
Total Net Position	\$ 48,784
	<hr/> <hr/>

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, 2025
--

	Self Insured Health Insurance Fund
Revenues	
Health insurance revenue	\$ 712,105
Interest income	946
Total Revenues	<u>713,051</u>
Expenditures	
Administration claims	56,938
General government claims	54,925
Police claims	229,532
Fire and EMS claims	266,570
General services claims	83,919
Total Expenditures	<u>691,884</u>
Change in Net Position	21,167
Net Position, Beginning of Year	27,617
Net Position, End of Year	<u>\$ 48,784</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, 2025
--

	Self Insured Health Insurance Fund
Cash Flows From Operating Activities:	
Medical premiums received	\$ 712,105
Interest received	946
Claims paid	(691,884)
Net change in cash from operating activities	21,167
Cash and Cash Equivalents, Beginning of Year	27,617
Cash and Cash Equivalents, End of Year	\$ 48,784
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 21,167
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	\$ 21,167

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

CITY OF EDGEWOOD, KENTUCKY Notes to Financial Statements June 30, 2025

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, the Debt Service Fund, the Police Asset Forfeiture Fund and the Self Insured Health Insurance 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, 2025

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 fund balance. 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.
- (C) The Police Asset Forfeiture Fund is used to account for the proceeds of specific revenue sources. It is a non-major special revenue fund.

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.

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.

CITY OF EDGEWOOD, KENTUCKY Notes to Financial Statements June 30, 2025

Eligibility requirements include timing requirements, which specify the year when the resources are 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, 2025.

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 2024-2025 tax year, the total real property tax assessment was \$1,369,263,000.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2025 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. 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, 2025

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

Assets Available for Use and Related Lease Liabilities

During fiscal year 2025, the City began leasing vehicles instead of purchasing. The determination of whether an arrangement is a lease is made at the lease’s inception. Under GASB 87, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in right-of-use (“ROU”) assets and lease liabilities, both current and long-term, on the Statement of Net Position. Finance leases are included in property and equipment, as well as both current and long-term, on the Statement of Net Position.

ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The City uses the implicit rate when it is readily determinable. Since most of the City’s leases do not provide an implicit rate, to determine the present value of lease payments, management uses the City’s incremental borrowing rate based on the Federal Risk-Free rate available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The City’s lease terms may include options to extend or terminate the lease when it is reasonably certain that it will exercise the option. None of the City’s lease agreements contain any material residual value guarantees.

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.

CITY OF EDGEWOOD, KENTUCKY Notes to Financial Statements June 30, 2025

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.

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 (asset), 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

CITY OF EDGEWOOD, KENTUCKY Notes to Financial Statements June 30, 2025

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.

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.

<p>CITY OF EDGEWOOD, KENTUCKY Notes to Financial Statements June 30, 2025</p>
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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.

As of June 30, 2025, 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	\$ 1,485,399	\$ -	\$ 1,485,399	\$ -
Corporate bonds	500,590	-	500,590	-
Total debt securities	1,985,989	-	1,985,989	-
Equity securities:				
Mutual funds	54,818	54,818	-	-
Total equity securities	54,818	54,818	-	-
Certificates of deposits	1,230,231	1,230,231	-	-
Subtotal investments	3,271,038	1,285,049	1,985,989	-
Cash and cash equivalents				
Cash	4,315,032	4,315,032	-	-
Total deposits & investments	\$ 7,586,070	\$ 5,600,081	\$ 1,985,989	\$ -

Interest rate risk. In accordance with the City's investment policy, interest rate risk is controlled through 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

CITY OF EDGEWOOD, KENTUCKY Notes to Financial Statements June 30, 2025

corporations established by the government of the United States. The City had custodial credit risk at June 30, 2025 in the amount of \$2,160,508 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.

NOTE 5 - CAPITAL ASSETS

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

	Balance at June 30, 2024	Additions	Deletions	Balance at June 30, 2025
Governmental Activities				
Capital Assets not Depreciated				
Land	\$ 1,671,935	\$ -	\$ -	\$ 1,671,935
Construction in progress	860,128	1,433,472	(2,226,248)	67,352
Work in progress - vehicles	627,192	-	-	627,192
Total Capital Assets Not Being Depreciated	<u>3,159,255</u>	<u>1,433,472</u>	<u>(2,226,248)</u>	<u>2,366,479</u>
Depreciable Capital Assets				
Infrastructure	34,604,605	2,226,248	(604,751)	36,226,102
Buildings & improvements	11,142,750	223,151	-	11,365,901
Vehicles & equipment	4,766,322	113,381	(236,892)	4,642,811
Park improvements	3,320,491	319,489	-	3,639,980
Total Depreciable Capital Assets	<u>53,834,168</u>	<u>2,882,269</u>	<u>(841,643)</u>	<u>55,874,794</u>
Total Capital Assets at Historical Cost	<u>56,993,423</u>	<u>4,315,741</u>	<u>(3,067,891)</u>	<u>58,241,273</u>
Less Accumulated Depreciation				
Infrastructure	16,720,186	1,215,962	(604,751)	17,331,397
Buildings & improvements	4,695,765	350,118	-	5,045,883
Vehicles & equipment	3,410,738	313,186	(234,889)	3,489,035
Park improvements	2,068,160	103,035	(1)	2,171,194
Total Accumulated Depreciation	<u>26,894,849</u>	<u>1,982,301</u>	<u>(839,641)</u>	<u>28,037,509</u>
Depreciable Capital Assets, Net	<u>26,939,319</u>	<u>899,968</u>	<u>(2,002)</u>	<u>27,837,285</u>
Total Capital Assets, Net	<u>\$ 30,098,574</u>	<u>\$ 2,333,440</u>	<u>\$ (2,228,250)</u>	<u>\$ 30,203,764</u>

Depreciation expense \$1,982,301 was not allocated to governmental functions. It appears on the statement of activities as "unallocated".

CITY OF EDGEWOOD, KENTUCKY Notes to Financial Statements June 30, 2025

NOTE 6 – OPERATING LEASES

Equipment Operating Leases

In fiscal year 2025, the City entered into 8 operating leases for police and public works vehicles. The leases are all for 60 months with total lease payments of \$385,516.

The following is a schedule of future minimum lease payments required under these equipment leases:

Year Ending June 30,	Future Minimum Lease Commitments
2026	\$ 81,087
2027	81,086
2028	81,087
2029	81,086
2030	51,598
Total Lease Payments	375,944
Less: Amount Representing Interest	(17,216)
Present Value of Lease Liabilities	<u>\$ 358,728</u>

The following summarizes the line items in the statement of net position which include amounts for operating leases as of June 30:

	<u>2025</u>
Right of use assets - operating leases	<u>\$ 357,475</u>
Current portion of operating lease liabilities	74,591
Operating lease liabilities	284,137
Total operating lease liabilities	<u>\$ 358,728</u>

Additional information about the City's leases is as follows:

<u>Lease costs - included in operating expenses</u>	
Operating lease costs included in	
Administration - Lease Payments	\$ 2,597
General Services - Lease Payments	15,909
Police - Lease Payments	19,100
<u>Other information</u>	
Lease assets obtained in exchange for lease obligations	285,516
Weighted average remaining lease term - years	4.64
Weighted average discount rate	2.00%

CITY OF EDGEWOOD, KENTUCKY Notes to Financial Statements June 30, 2025

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 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
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	2.000%	270,000	14,000	284,000
2031-2032	2.000%	565,000	11,350	576,350
		<u>\$ 1,865,000</u>	<u>\$ 133,850</u>	<u>\$ 1,998,850</u>

Truist 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 was 2.18% and the lease matured on September 1, 2024. This lease was paid in full during fiscal year 2025.

The following is a summary of the City's long-term debt transactions for the year ended June 30, 2025.

Type of Debt	Outstanding June 30, 2024	Additions of New Debt	Repayments	Outstanding June 30, 2025	Amounts Due Within 1 Year
General Obligation Refunding Bonds 2021	\$ 2,110,000	\$ -	\$ 245,000	\$ 1,865,000	\$ 250,000
Truist Capital Lease 2016	205,320	-	205,320	-	-
ROU Lease Liability	-	385,516	26,788	358,728	74,591
Debt Total	<u>\$ 2,315,320</u>	<u>\$ 385,516</u>	<u>\$ 477,108</u>	<u>\$ 2,223,728</u>	<u>\$ 324,591</u>

CITY OF EDGEWOOD, KENTUCKY Notes to Financial Statements June 30, 2025

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, 2025, there was one Industrial Building Revenue Bonds outstanding with principal amounts payable totaling \$1,993,098.

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	78,810	78,418	9,205	9,156
Inactive Plan Members	111,086	27,097	4,287	835
Retired Members	70,932	38,679	11,603	8,176
	<u>260,828</u>	<u>144,194</u>	<u>25,095</u>	<u>18,167</u>
Number of participating employers		<u>1,141</u>		<u>260</u>

CITY OF EDGEWOOD, KENTUCKY Notes to Financial Statements June 30, 2025

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:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old or age 57+ and sum of service years plus age equal 87
	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 of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for 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.

CITY OF EDGEWOOD, KENTUCKY Notes to Financial Statements June 30, 2025

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

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 of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for 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

The employer contribution rates are set by the KRS Board under Kentucky Revised Statute 61.565 based on an annual actuarial valuation, unless altered by legislation enacted by the Kentucky General Assembly. The employee contribution rate is also set by state statute.

For non-hazardous duty employees, the City contributed 19.71% of covered-employee's compensation, of which 19.71% was for the pension fund and 0.00% was for the health insurance fund.

For hazardous duty employees, the City contributed 38.61% of covered-employee's compensation, of which 36.49% was for the pension fund and 2.12% was for the health insurance fund.

CITY OF EDGEWOOD, KENTUCKY Notes to Financial Statements June 30, 2025

The City made all required contributions for the non-hazardous plan pension obligation for the fiscal year in the amount of \$185,073, of which \$185,073 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 \$854,251, of which \$807,345 was for the pension fund and \$46,905 was for the health insurance fund.

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

At June 30, 2025, the City reported a liability of \$8,384,824 (\$2,161,265 for the non-hazardous plan and \$6,223,559 for the hazardous plan) as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At the June 30, 2024 measurement year, the City's non-hazardous employer allocation proportion was 0.0361% of the total CERS non-hazardous duty employees and the hazardous employer allocation proportion was 0.2420% of the total CERS hazardous duty employees. For the year ended June 30, 2025, the City recognized a pension benefit of \$721,087 in addition to its \$992,418 pension contribution.

At June 30, 2025, 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	\$ 104,609	\$ -	\$ 404,391	\$ -	\$ 509,000	\$ -
Net difference between projected actual earnings on plan investments	-	(138,958)	-	(332,166)	-	(471,124)
Changes of assump.	-	(97,647)	-	(351,246)	-	(448,893)
Changes in proportion, differences between contributions and proportionate share of contributions	21,764	-	14,958	(1,020,366)	36,722	(1,020,366)
Contributions subsequent to the measurement date	185,073	-	807,345	-	992,418	-
	<u>\$ 311,446</u>	<u>\$ (236,605)</u>	<u>\$ 1,226,694</u>	<u>\$ (1,703,778)</u>	<u>\$ 1,538,140</u>	<u>\$ (1,940,383)</u>

CITY OF EDGEWOOD, KENTUCKY Notes to Financial Statements June 30, 2025

The City's contributions subsequent to the measurement date of \$992,418 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:

Measurement Year Ending June 30,	Net Deferral
2025	\$ (669,178)
2026	(285,240)
2027	(326,364)
2028	(113,879)
2029	-
Thereafter	-
	<u>\$ (1,394,661)</u>

Basis of Calculations

The System Actuary, Gabriel, Roeder, Smith & Co. (GRS), completed reports by plan in compliance with GASB Statement No. 67 Financial Reporting for Pension Plans. The TPL, NPL, and sensitivity information are based on an actuarial valuation date of June 30, 2023. The TPL was rolled forward from the valuation date to the Plans' fiscal year ended June 30, 2024, using generally accepted actuarial principles. Information disclosed for years prior to June 30, 2017, were prepared by the prior actuary. GRS will provide separate reports at a later date with additional accounting information determined in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions.

Assumptions

Below is a summary of the principal assumptions used for the June 30, 2023, actuarial valuation:

Inflation	2.50%
Payroll Growth Rate	2.0% for CERS Non-hazardous
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	6.50% for CERS Non-hazardous
Mortality	System specific mortality table based on experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.

Changes of Assumptions

There have been no assumption, method or plan provision changes that would materially impact the total pension liability since June 30, 2023. It is our opinion that these procedures for determining the information contained in these reports are reasonable, appropriate, and comply with applicable requirements under GASB No. 67.

CITY OF EDGEWOOD, KENTUCKY Notes to Financial Statements June 30, 2025

Discount Rate

A single discount rate of 6.50% for the nonhazardous and hazardous plans was used to measure the total pension liability for the fiscal year ended June 30, 2024. This single discount rate was based on the expected rate of return on pension plan investments for each plan. Based on the stated assumptions and the projection of cash flows as of each fiscal year ended, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each plan. The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that the entire actuarially determined employer contribution is received by each plan each future year, calculated in accordance with the current funding policy. The provisions of House Bill 362 (passed during the 2018 legislative session) are still in effect and limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028. However, contribution rates are not currently projected to increase by more than 12% in any given future year. Therefore, for the purposes of this calculation, the provisions of House Bill 362 do not impact the projected employer contributions

Actuarial Methods and Assumptions used to determine the Actuarial Determined Contributions for Fiscal Year 2025

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2025:

Actuarial Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method	Level Percent of Pay
Amortization Period	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%
Investment Rate of Return	6.25%
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
Mortality	System specific mortality table based on experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

CITY OF EDGEWOOD, KENTUCKY Notes to Financial Statements June 30, 2025

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 Target Allocation	Long Term Expected Nominal Return
Public equity	50.00%	4.15%
Private equity	10.00%	9.10%
Core bonds	10.00%	2.85%
Specialty credit / high yield	10.00%	3.82%
Cash	0.00%	1.70%
Real estate	7.00%	4.90%
Real return	13.00%	5.35%
Expected Real Return	100.00%	4.69%
Long-Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		7.19%

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	Current Rate	1% Increase
	5.50%	6.50%	7.50%
Non-hazardous	\$ 2,786,224	\$ 2,161,265	\$ 1,642,714
Hazardous	8,012,182	6,223,559	4,763,246
Total	\$ 10,798,406	\$ 8,384,824	\$ 6,405,960

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.

<p>CITY OF EDGEWOOD, KENTUCKY Notes to Financial Statements June 30, 2025</p>
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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	\$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:

	<u>Required Contribution</u>
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.

<p>CITY OF EDGEWOOD, KENTUCKY Notes to Financial Statements June 30, 2025</p>
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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

The employer contribution rates are set by the KRS Board under Kentucky Revised Statute 61.565 based on an annual actuarial valuation, unless altered by legislation enacted by the Kentucky General Assembly. The employee contribution rate is set by state statute.

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 2.12% of covered employees' compensation for the health insurance fund.

The City was not required to contribute for the non-hazardous plan OPEB obligation for the fiscal year.

The City made all required contributions for the hazardous plan OPEB obligation for the fiscal year in the amount of \$46,905.

CITY OF EDGEWOOD, KENTUCKY Notes to Financial Statements June 30, 2025

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, 2025, the City recognized an OPEB benefit of \$533,585 in addition to its \$46,905 OPEB contribution.

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

At June 30, 2025, the City reported a net liability of \$231,018 (a \$62,576 asset for the non-hazardous plan and a \$293,594 liability for the hazardous plan) as its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The 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, 2024 measurement year, the City's non-hazardous employer allocation proportion was 0.0362% of the total CERS non-hazardous duty employees and the hazardous employer allocation proportion was 0.2420% 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	\$ 34,716	\$ (492,346)	\$ 79,503	\$ (1,074,619)	\$ 114,219	\$ (1,566,965)
Net difference between projected actual earnings on plan investments	-	(57,103)	-	(184,491)	-	(241,594)
Changes of assump.	56,701	(44,154)	199,142	(258,381)	255,843	(302,535)
Changes in proportion, differences between contributions and proportionate share of contributions	16,383	-	10,633	(373,305)	27,016	(373,305)
Contributions subsequent to the measurement date	-	-	46,905	-	46,905	-
	<u>\$ 107,800</u>	<u>\$ (593,603)</u>	<u>\$ 336,183</u>	<u>\$ (1,890,796)</u>	<u>\$ 443,983</u>	<u>\$ (2,484,399)</u>

The City's contributions subsequent to the measurement date of \$0 for non-hazardous duty employees and \$46,905 for hazardous duty employees, 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 will be recognized in OPEB expense as follows:

CITY OF EDGEWOOD, KENTUCKY Notes to Financial Statements June 30, 2025

Measurement Year Ending June 30,	Net Deferral
2025	\$ (645,447)
2026	(513,268)
2027	(610,784)
2028	(314,548)
2029	(3,275)
Thereafter	-
	<u>\$ (2,087,322)</u>

Basis of Calculations

The total OPEB liability, net OPEB liability (NOL), and sensitivity information are based on an actuarial valuation date of June 30, 2023. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year ended June 30, 2024, using generally accepted actuarial principles

Assumptions

Below is a summary of the principal assumptions used for the June 30, 2023 actuarial valuation:

Investment Rate of Return	6.50% for CERS Non-hazardous
Inflation	2.50%
Salary Increases	3.30% to 10.30%, varies by service for Non-hazardous 3.55% to 19.05%, varies by service for Hazardous
Payroll Growth Rate	2.0%
Mortality	System specific mortality table based on experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.
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. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement.
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 11 years. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement.

Change in Assumptions - Plan

There have been no other plan provision changes that would materially impact the total OPEB liability (asset) since June 30, 2023. It is GRS's opinion that these procedures are reasonable and appropriate and comply with applicable requirements under GASB Statement No. 75.

CITY OF EDGEWOOD, KENTUCKY Notes to Financial Statements June 30, 2025

Discount Rate

The discount rate used to calculate the total OPEB liability increased from 5.93% to 5.99% for the nonhazardous plan. 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 the plan's anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in pre-Medicare healthcare costs.

Single discount rates of 5.99% for the nonhazardous plan and 6.02% for the hazardous plan were used to measure the total OPEB liability for the fiscal year ended June 30, 2024. They are based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.97%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024. Based on the stated assumptions and the projection of cash flows as of each fiscal year ended, the plan's fiduciary net position and future contributions were projected to be 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 retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan's actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan's trust. 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 actual employer contributions made each future year. Future contributions are projected assuming that the entire actuarially determined employer contribution is received by each plan each future year, calculated in accordance with the current funding policy.

Actuarial Methods and Assumptions used to determine the Actuarial Determined Contribution for Fiscal Year 2025

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for the fiscal year ending June 30, 2025:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method	Level Percent of Pay
Amortization Period	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%
Investment Rate of Return	6.25%
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

CITY OF EDGEWOOD, KENTUCKY
Notes to Financial Statements
June 30, 2025

Mortality	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.
Healthcare Trend Rates Pre - 65	Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2023 premiums were known at the time of the valuation and were included into the liability measurement.
Post - 65	Initial trend starting at 9.00% at January 1, 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2023 premiums were known at the time of the valuation and were included into the liability measurement.

Changes of Assumptions - Contributions

The discount rates used to calculate the total OPEB liability (asset) increased from 5.93% to 5.99%. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2024 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.

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:

<u>Asset Class</u>	CERS Pensions Non-Hazardous Target Allocation	Long Term Expected Nominal Return
Public equity	50.00%	4.15%
Private equity	10.00%	9.10%
Core bonds	10.00%	2.85%
Specialty credit /high yield	10.00%	3.82%
Cash	0.00%	1.70%
Real estate	7.00%	4.90%
Real return	13.00%	5.35%
Expected Real Return	<u>100.00%</u>	4.69%
Long-Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		<u>7.19%</u>

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 (asset) calculated using the discount rates of 5.99% for the Non-hazardous plan and the 6.02% 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, 2025

	Proportionate Share of Net OPEB Liability		
	1.00% Decrease	Current Rate	1.00% Increase
Discount Rate, Non-Hazardous	4.99%	5.99%	6.99%
Net OPEB liability (asset)	\$ 84,609	\$ (62,576)	\$ (186,329)
Discount Rate, Hazardous	5.02%	6.02%	7.02%
Net OPEB liability (asset)	\$ 811,355	\$ 293,594	\$ (139,097)
Total	\$ 895,964	\$ 231,018	\$ (325,426)

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:

Healthcare cost trend rate	Proportionate Share of Net OPEB Liability		
	1.00% Decrease	Current Rate	1.00% Increase
Net OPEB liability (asset), Non-hazardous	\$ (150,549)	\$ (62,576)	\$ 39,908
Net OPEB liability (asset), Hazardous	(45,513)	293,594	689,935
Total	\$ (196,062)	\$ 231,018	\$ 729,843

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.

NOTE 9 – 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 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, 2025 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.

CITY OF EDGEWOOD, KENTUCKY Notes to Financial Statements June 30, 2025

NOTE 10 – 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 11 – PRIOR PERIOD ADJUSTMENT – NATIONAL OPIOID SETTLEMENT

To meet current accounting reporting requirements, the City has recorded the entire known amount of the National Opioid Settlement it will receive over the next 12 years (\$134,588) as an accounts receivable in the government-wide statements and as an accounts receivable and deferred revenue in the General Fund. The City has also reclassified the amounts received in the past 3 years (\$31,515), as well as any future receivables, as deferred revenues in the General Fund.

NOTE 12 – PRIOR PERIOD ADJUSTMENT – COMPENSATED ABSENCES

During fiscal year 2025, the City implemented *GASB Statement No. 101 – Compensated Absences*. To meet the provisions of this statement, the City has reclassified \$79,116 of sick leave at June 30, 2024 from the General Fund to the government-wide Statement of Net Position.

NOTE 13 – IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

Statement No. 102 – *Certain Risk Disclosures* – Establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. This implementation of this statement should have no direct material impact on the City.

NOTE 14 – FUTURE ACCOUNTING STANDARDS

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

Statement No. 104 – *Disclosure of Certain Capital Assets* – Implementation in FY 2026

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated events through April 22, 2026, the date on which the financial statements were available for issue. The City has no events subsequent to June 30, 2025 through April 22, 2026 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, 2025

	Original Budget	Amendments	Final Budget	Actual	Variance Favorable (Unfavorable)
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ 6,323,273	\$ 6,323,273
Resources (inflows):					
Taxes					
Real estate tax	2,000,000	-	2,000,000	2,038,230	38,230
Payroll tax	5,650,000	-	5,650,000	6,912,571	1,262,571
Net profits tax	135,000	-	135,000	789,308	654,308
Bank deposit tax	150,000	-	150,000	170,696	20,696
Public service tax	69,000	-	69,000	45,413	(23,587)
Franchise tax	297,000	-	297,000	315,686	18,686
Cable return	68,000	-	68,000	64,846	(3,154)
Licenses and permits					
Occupational licenses	70,000	-	70,000	84,678	14,678
ABC licenses	7,800	-	7,800	6,870	(930)
Garage permits	500	-	500	250	(250)
Building and zoning	100	-	100	475	375
Fines and forfeitures					
Real estate penalties and interest	12,000	-	12,000	7,222	(4,778)
Police	2,000	-	2,000	2,126	126
Other revenues					
Memorials	100	-	100	915	815
Newsletter advertisements	2,500	-	2,500	2,000	(500)
Miscellaneous	30,000	-	30,000	74,303	44,303
Investment income, other financing	70,000	-	70,000	202,437	132,437
Intergovernmental					
Police and fire state incentives	171,000	-	171,000	172,216	1,216
Municipal road aid	175,000	-	175,000	175,899	899
Base court revenue	12,000	-	12,000	11,853	(147)
Fire department state aid	11,500	-	11,500	15,000	3,500
Other grants	1,400,000	-	1,400,000	223,634	(1,176,366)
Charges for services					
Waste	1,100,000	-	1,100,000	1,089,449	(10,551)
EMS response fee	385,000	-	385,000	394,026	9,026
Contract fire department	313,124	-	313,124	316,658	3,534
Police special duty	8,500	-	8,500	33,028	24,528
SRO fee	148,000	-	148,000	229,498	81,498
Facility rental	80,000	-	80,000	84,396	4,396
Recreation programs	45,000	-	45,000	45,205	205
Total resources (inflows)	<u>12,413,124</u>	<u>-</u>	<u>12,413,124</u>	<u>13,508,888</u>	<u>1,095,764</u>
Amount available for appropriation	<u>12,413,124</u>	<u>-</u>	<u>12,413,124</u>	<u>19,832,161</u>	<u>7,419,037</u>

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

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, 2025
--

	Original Budget	Amendments	Final Budget	Actual	Variance Favorable (Unfavorable)
Charges to appropriations (outflows):					
Administration					
Personnel	\$ 671,070	\$ 3,500	\$ 674,570	\$ 676,377	\$ (1,807)
Operations & Maintenance	93,139	-	93,139	71,041	22,098
General government					
Contractual	464,700	-	464,700	483,509	(18,809)
Parks & Recreation	263,500	-	263,500	244,587	18,913
Operations & Maintenance	2,339,500	208,000	2,547,500	1,801,670	745,830
Police					
Personnel	2,231,778	-	2,231,778	2,176,178	55,600
Contractual	19,200	-	19,200	16,652	2,548
Operations & Maintenance	247,350	(77,170)	170,180	135,000	35,180
Fire and EMS					
Personnel	2,576,882	-	2,576,882	2,473,329	103,553
Contractual	8,000	-	8,000	8,000	-
Operations & Maintenance	361,037	-	361,037	294,333	66,704
General services					
Personnel	1,031,096	-	1,031,096	955,374	75,722
Contractual Services	4,183,000	-	4,183,000	2,285,776	1,897,224
Operations & Maintenance	281,300	-	281,300	233,717	47,583
Total charges to appropriations	14,771,552	134,330	14,905,882	11,855,543	3,050,339
Interfund transfers in (out)	(639,500)	49,500	(590,000)	(492,307)	97,693
Budgetary fund balance, June 30	<u>\$ (2,997,928)</u>	<u>\$ (84,830)</u>	<u>\$ (3,082,758)</u>	<u>\$ 7,484,311</u>	<u>\$ 10,567,069</u>

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, 2025

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of net pension liability	0.0361%	0.0355%	0.0353%	0.0345%	0.0332%	0.0329%	0.0323%	0.0272%	0.0263%	0.0267%
Proportionate share of the net pension liability (asset)	\$ 2,161,265	\$ 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
Covered payroll in year of measurement	993,746	957,884	1,011,423	912,465	893,683	878,531	771,608	665,104	626,489	670,051
Share of the net pension liability (asset) as a percentage of its covered payroll	217.49%	237.88%	252.28%	241.05%	284.66%	263.44%	255.13%	239.20%	206.38%	171.46%
Plan fiduciary net position as a percentage of total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%

Schedule of the City's Contributions
County Employees' Retirement System (CERS)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 185,073	\$ 231,940	\$ 224,145	\$ 214,118	\$ 176,106	\$ 172,481	\$ 142,498	\$ 111,729	\$ 92,782	\$ 77,810
Actual contribution	185,073	231,940	224,145	214,118	176,106	172,481	142,498	111,729	92,782	77,810
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	938,978	993,746	957,884	1,011,423	912,465	893,683	878,531	771,608	665,104	626,489
Contributions as a percentage of covered payroll	19.71%	23.34%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%

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

The net pension liability as of June 30, 2025, is based on the June 30, 2024, 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, 2025

Schedule of the City's Proportionate Share of the Net Pension Liability										
County Employees' Retirement System (CERS)										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of net pension liability	0.2420%	0.2643%	0.2875%	0.3073%	0.3102%	0.3101%	0.3230%	0.2972%	0.3063%	0.2976%
Proportionate share of the net pension liability (asset)	\$ 6,223,559	\$ 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
Covered payroll in year of measurement	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
Share of the net pension liability (asset) as a percentage of its covered payroll	304.66%	364.82%	470.06%	440.46%	509.74%	479.20%	431.34%	391.98%	323.64%	325.84%
Plan fiduciary net position as a percentage of total pension liability	57.05%	52.96%	47.11%	52.26%	44.11%	46.63%	49.26%	53.95%	53.95%	57.52%

Schedule of the City's Contributions										
County Employees' Retirement System (CERS)										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 807,346	\$ 839,783	\$ 836,233	\$ 631,955	\$ 558,271	\$ 536,908	\$ 444,355	\$ 402,093	\$ 368,293	\$ 329,008
Actual contribution	807,346	839,783	836,233	631,955	558,271	536,908	444,355	402,093	368,293	329,008
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	2,212,513	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
Contributions as a percentage of covered payroll	36.49%	41.11%	42.81%	33.86%	30.06%	30.06%	24.86%	22.20%	21.71%	20.26%

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

The net pension liability as of June 30, 2025, is based on the June 30, 2024, 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, 2025

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of net OPEB liability	0.0362%	0.0355%	0.0353%	0.0345%	0.0332%	0.0329%	0.0323%	0.0272%		
Proportionate share of the net OPEB liability (asset)	\$ (62,576)	\$ (49,029)	\$ 696,473	\$ 660,275	\$ 800,979	\$ 553,363	\$ 574,226	\$ 546,411		
Covered payroll in year of measurement	993,746	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	-6.30%	-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	104.89%	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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
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	938,978	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%	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, 2025

The net OPEB liability as of June 30, 2025, is based on the June 30, 2024, 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, 2025

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of net OPEB liability	0.2420%	0.2642%	0.2874%	0.3073%	0.3020%	0.3100%	0.3232%	0.2972%		
Proportionate share of the net OPEB liability (asset)	\$ 293,594	\$ 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	2,042,771	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	14.37%	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	93.53%	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)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 46,905	\$ 52,703	\$ 132,438	\$ 195,410	\$ 176,804	\$ 170,039	\$ 187,144	\$ 169,350	\$ 158,615	
Actual contribution	46,905	52,703	132,438	195,410	176,804	170,039	187,144	169,350	158,615	
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	2,212,513	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	2.12%	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, 2025**

The net OPEB liability as of June 30, 2025, is based on the June 30, 2024, 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, 2025
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	Original Budget	Amendments	Final Budget	Actual	Variance Favorable (Unfavorable)
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ 55,906	\$ 55,906
Resources (inflows):					
Investment income	-	-	-	-	-
Total resources (inflows)	-	-	-	-	-
Amounts available for appropriation	-	-	-	55,906	55,906
Charges to appropriations (outflows):					
Debt service expenditures	600,000	-	600,000	492,307	107,693
Total charges to appropriations	600,000	-	600,000	492,307	107,693
Operating transfers in	666,000	-	666,000	492,307	(173,693)
Budgetary fund balance, June 30	<u>\$ 66,000</u>	<u>\$ -</u>	<u>\$ 66,000</u>	<u>\$ 55,906</u>	<u>\$ (10,094)</u>

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

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**To the Mayor & 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 the City of Edgewood, Kentucky (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 22, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bramel & Ackley, P.S.C.

April 22, 2026