CITY OF BRANDENBURG, KENTUCKY

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

CITY OF BRANDENBURG, KENTUCKY
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CITY OF BRANDENBURG
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BRANDENBURG, KY 40108
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CITY OFFICIALS AND OFFICERS

MAYOR

David Pace

MEMBERS OF COUNCIL

Bruce Fackler
Rhonda Allen
Donna Brown
Mark Spry
Grant Wiles
John David Woodward

OFFICERS

Amy Haynes
City Clerk

Jessica Brown Roberts
City Attorney

Brian Haag
Chief of Police

T.J. Hughes
Public Works Director

SK LEE CPAS, P.S.C.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of the City Council
City of Brandenburg
Brandenburg, Kentucky 40108

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brandenburg, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Brandenburg's (hereinafter called the "City") 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison general fund, and the Pension and OPEB schedules and related notes, 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 opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplemental information such as the combining balance sheet – nonmajor governmental funds, combining statement of revenues, expenditures, and changes in fund balance – nonmajor governmental funds, combining statement of net position – nonmajor proprietary funds, the combining statement of revenues, expenses, and changes in net position – nonmajor proprietary funds, as listed in the table of contents, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 supplemental information listed above are fairly stated, in all material respects, in relation to the 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 March 6, 2025, on our consideration of the City'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'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 City's internal control over financial reporting and compliance.

SK LEE CPAs, P.S.C.

Berea, Kentucky
March 6, 2025

CITY OF BRANDENBURG, KENTUCKY
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government		
	Governmental Avtivities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 729,734	$ 633,008	$ 1,362,742
Receivables, net of allowance	214,486	327,864	542,350
Due from other funds	154,854	-	154,854
Prepaid expenses	-	1,019	1,019
Inventory, net	-	59,560	59,560
Total Current Assets	**1,099,074**	**1,021,451**	**2,120,525**
Non-Current Assets			
Restricted cash	281,300	989,155	1,270,455
Net OPEB asset	-	20,666	20,666
Capital assets:			
Non-depreciable	90,463	85,100	175,563
Depreciable, net	2,566,905	14,095,218	16,662,123
Total Non-Current Assets	**2,938,668**	**15,190,139**	**18,128,807**
Total Assets	**4,037,742**	**16,211,590**	**20,249,332**
Deferred Outflows of Resources			
Deferred amounts related to pension	740,929	120,378	861,307
Deferred amounts related to OPEB	282,198	36,038	318,236
Total Deferred Outflows of Resources	**1,023,127**	**156,416**	**1,179,543**
Liabilities			
Current Liabilities			
Accounts payable	24,237	41,112	65,349
Accrued expenses	74,217	43,740	117,957
Accrued interest	-	12,328	12,328
Due to other funds	-	154,854	154,854
Notes payable	50,452	191,130	241,582
Capital lease	547	540,240	540,787
Total Current Liabilities	**149,453**	**983,404**	**1,132,857**
Non-Current Liabilities			
Notes payable	40,027	214,823	254,850
Capital leases	1,098	6,959,343	6,960,441
Net pension liability	1,469,923	713,759	2,183,682
Net OPEB liability	44,931	-	44,931
Total Non-Current Liabilities	**1,555,979**	**7,887,925**	**9,443,904**
Total Liabilities	**1,705,432**	**8,871,329**	**10,576,761**
Deferred Inflows of Resources			
Deferred amounts related to pension	228,622	110,257	338,879
Deferred amounts related to OPEB	407,292	249,042	656,334
Total Deferred Inflows of Resources	**635,914**	**359,299**	**995,213**
Net Position (Deficit)			
Net investment in capital assets	2,565,244	13,914,267	16,479,511
Restricted	281,300	989,155	1,270,455
Unrestricted (deficit)	(127,021)	(7,766,044)	(7,893,065)
Total Net Position (Deficit)	**$ 2,719,523**	**$ 7,137,378**	**$ 9,856,901**

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

CITY OF BRANDENBURG, KENTUCKY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contribution**	**Governmental Activities**	**Business-Type Activities**	**Total**
Primary Government:							
Government Activities							
General government	$ 105,527	$ -	$ -	$ -	$ (105,527)	$ -	$ (105,527)
Public safety	1,038,933	50,930	-	-	(988,003)	-	(988,003)
Street and roads	344,396	-	-	-	(344,396)	-	(344,396)
Sanitation	7,725	-	-	-	(7,725)	-	(7,725)
Parks and recreation	69,241	-	-	-	(69,241)	-	(69,241)
Community projects	73,944	-	-	-	(73,944)	-	(73,944)
Total Governmental Activities	**1,639,766**	**50,930**	**-**	**-**	**(1,588,836)**	**-**	**(1,588,836)**
Business-Type Activities							
Water utilities	997,141	968,734	-	-	-	(28,407)	(28,407)
Sewer utilities	1,080,236	1,049,462	277,000	323,224	-	569,450	569,450
Total Business-Type Activities	**2,077,377**	**2,018,196**	**277,000**	**323,224**	**-**	**541,043**	**541,043**
Total Primary Government Activities	**$ 3,717,143**	**$ 2,069,126**	**$ 277,000**	**$ 323,224**	**$ (1,588,836)**	**$ 541,043**	**$ (1,047,793)**
	General Revenues						
	Property taxes				$ 1,378,224	$ -	$ 1,378,224
	Franchise fees				21,656	-	21,656
	Licenses and permits				44,186	-	44,186
	Rental income				22,817	-	22,817
	Intergovernmental				92,364	-	92,364
	Interest income				11,528	21,630	33,158
	Miscellaneous				300,890	27,878	328,768
	Transfers, net				(50,898)	50,898	-
	Total General Revenues and Transfers				1,820,767	100,406	1,921,173
	Change in Net Position				**231,931**	**641,449**	**873,380**
	Total Net Position, Beginning				**2,487,592**	**6,495,929**	**8,983,521**
	Net Position, Ending				**$ 2,719,523**	**$ 7,137,378**	**$ 9,856,901**

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

CITY OF BRANDENBURG, KENTUCKY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 609,281	$ 120,453	$ 729,734
Restricted cash	-	281,300	281,300
Accounts receivable			
Customers	-	-	-
Interest	613	-	613
Other	213,873	-	213,873
Due from other funds	163,909	9,152	173,061
Total Assets	**$ 987,676**	**$ 410,905**	**$ 1,398,581**
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 24,237	$ -	$ 24,237
Accrued expenses	74,217	-	74,217
Due to other funds	9,152	9,055	18,207
Notes and lease payable	50,999	-	50,999
Total Liabilities	**158,605**	**9,055**	**167,660**
Fund Balances			
Restricted	-	281,397	281,397
Assigned	-	120,453	120,453
Unassigned	829,071	-	829,071
Total Fund Balances	**829,071**	**401,850**	**1,230,921**
Total Liabilities and Fund Balances	**$ 987,676**	**$ 410,905**	**$ 1,398,581**

Amounts reported for *governmental activities* in the Statement of Net Position are different because:

Fund balances reported above	**$ 1,230,921**
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,657,368
Net deferred inflows/outflows related to the long-term net pension liability and long-term net OPEB liability are not reported in the funds.	387,213
All long-term liabilities are reported in the Statement of Net Position whereas in governmental funds, long-term liabilities are not due and payable in the current period and therefore are not reported.	
Notes and lease payable	(41,125)
Net pension liability	(1,469,923)
Net OPEB liability	(44,931)
Net Position of Governmental Activities	**$ 2,719,523**

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

CITY OF BRANDENBURG, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Tax revenue	$ 1,378,224	$ -	$ 1,378,224
Franchise fees	21,656	-	21,656
Licenses and permits	44,186	-	44,186
Rental income	22,817	-	22,817
Intergovernmental revenues	-	92,364	92,364
Service charges and fees	-	50,930	50,930
Other	240,560	71,858	312,418
Total Revenues	**1,707,443**	**215,152**	**1,922,595**
Expenditures			
General government	542,743	11,271	554,014
Public safety	679,225	33,540	712,765
Street	224,988	3,997	228,985
Sanitation	7,725	-	7,725
Parks and recreation	49,012	-	49,012
Community projects	35,500	38,444	73,944
Capital outlay	20,516	-	20,516
Debt Service:			
Principal	95,249	-	95,249
Interest	4,862	-	4,862
Total Expenditures	**1,659,820**	**87,252**	**1,747,072**
Excess (Deficiency) of Revenues Over Expenditures	**47,623**	**127,900**	**175,523**
Other Financing Sources (Uses)			
Loan proceeds	-	-	-
Transfers in (out)	(49,950)	(948)	(50,898)
Total Other Financing Sources (Uses)	**(49,950)**	**(948)**	**(50,898)**
Net Change in Fund Balance	**(2,327)**	**126,952**	**124,625**
Fund Balance, Beginning of Year	**831,398**	**274,898**	**1,106,296**
Fund Balance, Ending	**$ 829,071**	**$ 401,850**	**$ 1,230,921**

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

CITY OF BRANDENBURG, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS-CONTINUED
FOR THE YEAR ENDED JUNE 30, 2025

Net Changes in Fund Balances - Total Governmental Funds	**$**	**124,625**
Amounts reported for *government activities* in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of $211,128 exceeds capital outlay of $20,516 in the current period.		(190,612)
Note proceeds provide current financial resources in the governmental funds, but issuing debt increases long-term debt in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilitiies in the Statement of Net Position. This is the amount by which proceeds is more than repayments.		(95,249)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. Change in pension liability and OPEB liability of governmental activities		393,167
Change in Net Position of Governmental Activities	**$**	**231,931**

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

CITY OF BRANDENBURG, KENTUCKY
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2025

	Water & Wastewater Fund	Revenue Fund	Sewer Line Extension Fund	Non-Major Proprietary Funds	Total Proprietary Funds
Assets					
Current Assets					
Cash and cash equivalents	$ 51,312	$ 327,100	$ 254,596	$ -	$ 633,008
Receivables, net					
Customers	-	327,830	-	-	327,830
Interest	-	34	-	-	34
Prepaid expenses	1,019				1,019
Inventory	59,560	-	-	-	59,560
Total Current Assets	**111,891**	**654,964**	**254,596**	**-**	**1,021,451**
Non-Current Assets					
Restricted cash	-	-	-	989,155	989,155
Net OPEB asset	20,666	-	-	-	20,666
Capital assets:					
Non-depreciable	85,100	-	-	-	85,100
Depreciable, net	14,095,218	-	-	-	14,095,218
Total Non-Current Assets	**14,200,984**	**-**	**-**	**989,155**	**15,190,139**
Total Assets	**14,312,875**	**654,964**	**254,596**	**989,155**	**16,211,590**
Deferred Outflows of Resources					
Deferred amounts related to pension	120,378	-	-	-	120,378
Deferred amounts related to OPEB	36,038	-	-	-	36,038
Total Deferred Outflows of Resources	**156,416**	**-**	**-**	**-**	**156,416**
Liabilities					
Current Liabilities					
Accounts payable	41,112	-	-	-	41,112
Accrued expenses	43,740	-	-	-	43,740
Accrued interest	-	-	-	12,328	12,328
Due to other funds	107,806	-	42,020	5,028	154,854
Notes payable	46,169	-	-	144,961	191,130
Capital lease	-	-	-	540,240	540,240
Total Current Liabilities	**238,827**	**-**	**42,020**	**702,557**	**983,404**
Non-Current Liabilities					
Notes payable	214,823	-	-	-	214,823
Capital lease	-	-	-	6,959,343	6,959,343
Net pension liability	713,759	-	-	-	713,759
Total Non-Current Liabilities	**928,582**	**-**	**-**	**6,959,343**	**7,887,925**
Total Liabilities	**1,167,409**	**-**	**42,020**	**7,661,900**	**8,871,329**
Deferred Inflows of Resources					
Deferred amounts related to pension	110,257	-	-	-	110,257
Deferred amounts related to OPEB	249,042	-	-	-	249,042
Total Deferred Inflows of Resources	**359,299**	**-**	**-**	**-**	**359,299**
Net Position					
Net investment in capital assets	13,914,267	-	-	-	13,914,267
Restricted	-	-	-	989,155	989,155
Unrestricted (deficit)	(971,684)	654,964	212,576	(7,661,900)	(7,766,044)
Total Net Position	**$ 12,942,583**	**$ 654,964**	**$ 212,576**	**$ (6,672,745)**	**$ 7,137,378**

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

CITY OF BRANDENBURG, KENTUCKY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Water and Wastewater Fund	Revenue Fund	Sewer Line Extension Fund	Non-Major Proprietary Funds	Total Proprietary Funds
Operating Revenues					
Charges for services	$ -	$ 1,946,392	$ -	$ -	$ 1,946,392
Connection fees	-	71,804	-	-	71,804
Miscellaneous	550	27,328	-	-	27,878
Total Operating Revenues	**550**	**2,045,524**	**-**	**-**	**2,046,074**
Operating Expenses					
Salaries	368,836	-	-	-	368,836
Employee benefits	224,405	-	-	-	224,405
Depreciation	360,128	-	-	-	360,128
Maintenance and supplies	452,056	-	-	-	452,056
Utilities and telephone	105,182	-	-	-	105,182
Insurance	164,573	-	-	-	164,573
Professional fees	25,517	-	-	-	25,517
Utility Tax	22,748	-	-	-	22,748
Office supplies	17,147	-	-	-	17,147
Miscellaneous	19,839	11,904	-	-	31,743
Total Operating Expenses	**1,760,431**	**11,904**	**-**	**-**	**1,772,335**
Operating Income (Loss)	**(1,759,881)**	**2,033,620**	**-**	**-**	**273,739**
Non-Operating Revenues (Expenses)					
Interest income	147	-	3,507	17,976	21,630
Interest expense	(5,638)	-	-	(299,404)	(305,042)
Grant revenues	-	-	-	600,224	600,224
Total Non-Operating Revenue (Expenses)	**(5,491)**	**-**	**3,507**	**318,796**	**316,812**
Income (loss) before transfers	**(1,765,372)**	**2,033,620**	**3,507**	**318,796**	**590,551**
Transfers in (out)	2,301,025	(1,826,000)	(270,311)	(153,816)	50,898
Change in Net Position	**535,653**	**207,620**	**(266,804)**	**164,980**	**641,449**
Total Net Position, Beginning	**12,406,930**	**447,344**	**479,380**	**(6,837,725)**	**6,495,929**
Total Net Position, Ending	**$12,942,583**	**$ 654,964**	**$ 212,576**	**$ (6,672,745)**	**$ 7,137,378**

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

CITY OF BRANDENBURG, KENTUCKY
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Waste & Wastewater Fund	Revenue Fund	Sewer Line Extension Fund	Non-Major Proprietary Funds	Total Proprietary Funds
Cash Flows from Operating Activities					
Cash received from customers and others	$ 550	$ 1,938,959	$ -	$ -	$ 1,939,509
Cash payments to suppliers for goods and services	(880,047)	(603)	-	-	(880,650)
Cash payments to employees	(368,836)	-	-	-	(368,836)
Net Cash Provided by (Used in) Operating Activities	**(1,248,333)**	**1,938,356**	**-**	**-**	**690,023**
Cash Flows from Non-Capital and Related Financing Activities					
Transfers in(out)	1,460,232	(1,826,000)	10,000	(153,816)	(509,584)
Grant Proceeds	-	-	-	1,549,070	1,549,070
Net Cash Provided by (Used in) Capital and Related Financing Activities	**1,460,232**	**(1,826,000)**	**10,000**	**1,395,254**	**(509,584)**
Cash Flows from Capital and Related Financing Activities					
Capital expenditures	(160,670)	-	-	-	(160,670)
Due to and due froms	-	-		-	-
Proceeds from issuance of debt	-	-	-	195,546	195,546
Principal, interest, and related fees paid on long-term debt	(50,896)	-	-	(1,409,949)	(1,460,845)
Net Cash Used in Capital and Related Financing Activities	**(211,566)**	**-**	**-**	**(1,214,403)**	**(1,425,969)**
Cash Flows from Investing Activities					
Cash received from interest income	147	4,604	3,507	17,976	26,234
Net Cash Provided by Investing Activities	**147**	**4,604**	**3,507**	**17,976**	**26,234**
Net Increase (Decrease) in Cash and Cash Equivalents	**480**	**116,960**	**13,507**	**198,827**	**329,774**
Cash and Cash Equivalents at July 1, 2024	**50,832**	**210,140**	**241,089**	**790,328**	**1,292,389**
Cash and Cash Equivalents at June 30, 2025	**$ 51,312**	**$ 327,100**	**$ 254,596**	**$ 989,155**	**$ 1,622,163**
[1] Cash and cash equivalents are reflected in the Statement of Net Position as follows:					
Cash and cash equivalents	$ 51,312	$ 327,100	$ 254,596	$ -	$ 633,008
Restricted cash	-	-	-	989,155	989,155
Subtotal	**$ 51,312**	**$ 327,100**	**$ 254,596**	**$ 989,155**	**$ 1,622,163**
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating Income (Loss)	**$ (1,759,881)**	**$ 2,033,620**	**$ -**	**$ -**	**$ 273,739**
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	360,128	-	-	-	360,128
Bad Debt Expense	-	11,301	-	-	11,301
Changes in assets and liabilities:					
(Increase) decrease in other accounts receivable	-	(106,565)	-	-	(106,565)
(Increase) decrease in prepaid expenses	(1,019)				(1,019)
(Increase) decrease in inventory	19,053	-	-	-	19,053
(Increase) decrease in net OPEB asset	(9,637)				
(Increase) decrease in outflows of resources	(32,866)	-	-	-	(32,866)
Increase (decrease) in accounts payable	7,960	-	-	-	7,960
Increase (decrease) in accrued expenses	5,767	-	-	-	5,767
Increase (decrease) in net pension liability	201,200	-	-	-	201,200
Increase (decrease) in inflows of resources	(39,038)	-	-	-	(39,038)
Total adjustments	**511,548**	**(95,264)**	**-**	**-**	416,284
Net Cash Provided by (Used in) Operating Activities	**$ (1,248,333)**	**$ 1,938,356**	**$ -**	**$ -**	**$ 690,023**

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Brandenburg, Kentucky (hereinafter "the City") operates under a Mayor-Council form of government located in Meade County. The City's major operations include police and fire protection, parks and recreation, streets, and general administrative services. The City also operates a water, sewer, and sanitation system for its citizens. The citizens of Brandenburg elect a mayor-at-large and six city council members. The accompanying financial statements present the City's primary government unit over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationship with the City (as distinct from a legal relationship).

Reporting Entity

The City's financial statements include the operations of all organizations for which the City Council exercises oversight. Responsibility is demonstrated by financial independency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

Basis of Presentation

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and user charges.

Government-wide financial statements display information about the reporting government as a whole. These statements focus on the sustainability as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

- *Statement of Net Position* presents information on all of the assets and liabilities, with the difference between the two reported as *net position*.

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

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary or fiduciary, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and detailed in the supplementary information.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include charges between the business-type activities/enterprise funds and the general fund. Charges are allocated as reimbursement for services provided by the general fund in support of those functions based on levels or services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These charges are included in direct program expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Governmental Funds

- *General Fund* is the City's primary operating fund. It accounts for all financial operations of the City and except for those required to be accounted for in another designated fund.
- *Nonmajor Governmental Funds* consists of various funds established to account for revenues received for designated purposes: Capital Projects, Christmas by the River, Citizens on Patrol, LGEAF, Municipal Road Aid, and Police Forfeiture Funds

Proprietary Funds

- *Water and Wastewater Fund* is a major fund and accounts for the operation, maintenance, and development of the water and wastewater distribution lines.
- *Revenue Fund* is a major fund that collects all revenues from water and wastewater services and transfers to the operating funds.
- *Sewer Line Extension Fund* is a major fund that was established to accumulate funds for extending sewer services to new developments and underserved areas of the City.
- *Nonmajor Proprietary Funds,* consisting of the Bond and Interest Sinking Fund and the Depreciation Fund receives transfers from other enterprise funds to pay principal and interest on long-term debt and to fund capital improvements.

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated. Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus.

The government-wide financial statements and the proprietary funds financial statements are presented on a *full accrual* basis of accounting with an economic resource measurement focus. An economic resource focus concentrates on an entity or fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurement focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

Governmental fund financial statements are presented on a modified accrual basis of accounting with a *current financial resource* measurement focus. This measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus is inseparable from a modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. *Measurable* means the amount of the transaction can be determined and revenues are considered *available* when they are collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, revenues are considered available if they are collected within 60 days of the end of the current fiscal period. Revenues considered susceptible to accrual are property taxes, state, county and local shared revenues taxes and fees, franchise fees, intergovernmental grants, and interest income.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus and Basis of Accounting – Continued

Unavailable revenue, a deferred inflow of resources, arises on the balance sheets of the governmental funds when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. This *unavailable* revenue consists primarily of uncollected property taxes and assessments not deemed available to finance operation of the current period. In the government-wide Statement of Activities, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the liability created on the balance sheets of the governmental funds for unavailable revenue is recognized as revenue in the Statement of Activities. Note that unavailable revenues also arise outside the scope of measurement focus and basis of accounting, such as when resources are received before there is legal claim to them. For instance, when grant monies are received prior to the incurrence of qualifying expenditures.

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as funds liabilities only when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Vested compensated absences are recorded as expenditures only to the extent that they are expected to be liquidated with expendable financial resources. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized. Thus, the expense and related accrued liability for long-term portions of debt and compensated absences must be included.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the City's water, sewer, and sanitation funds are charges to customers for sales and services. The water, sewer, and sanitation funds also recognize System Development Charges (SDC) fees intended to recover the cost of connecting new customers to the utility systems as operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and overhead charges, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the policy to use restricted resources first, then unrestricted resources as they are needed.

Budgeting

Prior to June 30, the City Council adopts an annual budget for the General, Special Revenues, and Proprietary Funds. Any revisions that alter the budget must be approved by the City Council. For 2025, the original budget was approved in May 2024 and amended June 2025. The budget for the General Fund is presented in the Budgetary Comparison Schedule. All annual appropriations lapse at fiscal year-end. Budgets for all funds are adopted on a consistent basis with generally accepted accounting principles.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash and Certificates of Deposit

The City considers demand deposits, money market funds, and Certificate of Deposits with an original maturity of 90 days or less, to be cash equivalents. The City considers all cash, both restricted and unrestricted, as cash and cash equivalents for purposes of the Statement of Cash Flows.

The City has restricted cash and or certificates of deposits to satisfy bond issue requirements, including cash restricted for loan payments.

Certificates of deposit are reported at cost which approximates fair value. These funds are invested for periods that comply with cash flow requirements of bond ordinances and general government services.

Receivables

Recorded property taxes receivable that are collected within 60 days after year-end are considered measurable and available and, therefore, are recognized as revenue. An allowance for doubtful accounts is not deemed necessary by management, as uncollectible taxes become a lien on the property. Property taxes are levied and become a lien on July 1. Receivables of the proprietary funds are recognized as revenue when earned, including services provided but not billed. Other receivables consist of amounts due at year end from other state, local and federal governments. Interest revenue receivable in all funds consist of revenue due on each certificate of deposit. Allowances for uncollectible accounts are maintained on all types of receivables that historically experience uncollectible amounts. Allowances are based on collection experience and management's evaluation of the current status of existing receivables.

Internal Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds," Short-term inter-fund loans are reported as "inter-fund receivables and payables." Long-term inter-fund loans (non-current portion) are reported as "advances from and to other funds." Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Property Tax Calendar

Property taxes for fiscal year 2025 were levied in November on the assessed property located in the City of Brandenburg as of the preceding January 1. The rate for real estate was 19.10 cents per one hundred dollars of assessed value. The rate for auto and boats was 27.39 cents and other tangible property was 39.65 cents per one hundred dollars, respectively. The assessments are determined by the County Property Valuation Administrator in accordance with Kentucky Revised Statutes. The due date and collection periods for all taxes exclusive of vehicle taxes are as follows:

1. Due date for payment of taxes, 2% discount	November 30
2. Face value payment period	December 1 to December 31
3. Past due date, 10% penalty	January 1

These taxes are collected by the Meade County Sheriffs Department. Vehicle taxes are collected by the County Clerk of Meade County and are due and collected in the birth month of the licensee.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Cash and certificates of deposit which may only be used for construction of capital assets or debt service principal and interest payments in accordance with applicable laws and regulations have been reported as restricted cash and certificates of deposit on the Government-Wide Statement of Net Position and the Proprietary Fund Statement of Net Position.

Capital Assets

Capital assets that are purchased or constructed are recorded at historical cost. Donated assets are recorded at estimated market value at the time of donation. The City defines capital assets as assets with an individual cost of more than $1,000, and an estimated useful life of more than one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives are not capitalized. When assets are retired or otherwise disposed of, the costs are removed from the asset accounts and a gain or loss is recorded. In the fund financial statements, capital assets used in government fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Description	Estimated Lives
Buildings	20-40 years
Equipment	5-10 years
Water and Sewer System Utility Plants	20-40 years
Infrastructure	15-40 years

Compensated Absences

The City allows employees to accumulate unused sick leave with no limit and vacation leave to a maximum of 160 hours. Accumulated vacation is required to be used within one year of accumulation. Upon termination, accumulated vacation leave will be paid to the employee. Sick leave is not paid upon termination but will be paid only upon illness while in the employment of the City.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as a liability on the fund financial statements when due.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The City has two items that meets this criterion, as related to pensions and other postemployment benefits (OPEB) reported in the Statement of Net Position. This represents the effect of the net change in the City's proportion of the collective net pension and OPEB liabilities and difference during the measurement period between the City's contributions and its proportion share of total contributions to the pension systems not included in pension expense. In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has two items that meet the criterion for this category as related to pensions and OPEB reported in the Statement of Net Position.

Net Position/Fund Balances

Net position in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represent constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or b) imposed by law through state statute. In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraint placed on how fund balance can be spent. The governmental fund types classify fund balances as follows:

Non-spendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors, grantors or imposed by law.

Committed – Portion of fund balance that can only be used for specific purposes imposed by majority vote of the City Council Members. Any changes or removal of specific purposes requires majority action by them.

Assigned – Portion of fund balance that has been budgeted by the City Council.

Unassigned – Portion of fund balance that has not been restricted, committed or assigned for specific purpose.

Pensions and Other Postemployment Benefits

The City participates in a cost-sharing multiple-employer plan to provide pension and OPEB benefits to employees. Each cost-sharing government reports its proportionate share of the cumulative net pension and OPEB liability. For the purposes of measuring the net pension and OPEB liability, deferred outflows or inflows of resources related to pension and OPEB, and pension and OPEB expense, information about the fiduciary net positions of the Kentucky “County Employer Retirement System” (CERS), have been determined by the same basis as they are reported by CERS.

Operating Revenues and Expenses

Operating revenues and expenses generally result from providing and producing goods and/or services in connection with the enterprise funds. Operating expenses include administrative expenses, supplies, personnel costs, utilities, professional fees, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses and may include interest, grants, and gain or loss on disposition of capital assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND CERTIFICATES OF DEPOSIT

As of June 30, 2025, the City's cash and cash equivalents balances include deposits held in checking accounts, savings accounts, and certificates of deposit.

The City's bank deposits were entirely covered by federal depository insurance or by collateral held by the custodial bank in the City's name. The carrying amount of the City's deposits and certificates of deposit totaled $2,633,197 and the bank balances totaled $2,641,248. At June 30, 2025, $1,924,173 of collateral was pledged to the City by the custodial bank and $717,075 by FDIC insurance.

Credit Risk

Under Kentucky Revised Statute 66.480, the City is allowed to invest in obligations of the U.S. and of its agencies, obligations backed by the full faith and credit of the U.S. or a U.S. government agency, obligations of any corporation of the U.S. government, certificates of deposit or other interest-bearing accounts issued by institutions insured by the Federal Deposit Insurance Corporation (FDIC) or similarly collateralized institutions, and bonds and securities of states, local governments, or related agencies in the U.S. rated in one of the three highest categories by a nationally recognized rating agency. As of June 30, 2025, none of the City's deposits were subject to credit risk.

Custodial Credit Risk

Custodial Credit Risk for deposits is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the deposits that are in the possession of an outside party. In order to anticipate market changes and provide a level of security for all funds, the collateralization level shall be one hundred percent of the market value of the principal, plus accrued interest.

NOTE 3 – RECEIVABLES

Accounts receivable as of fiscal year-end for the City's individual major and non-major funds in the aggregate, including applicable allowances for doubtful accounts are as follows:

Accounts receivables	General	Water and Waste Water	Total
Customers	$ -	$ 355,542	$ 355,542
Interest	613	34	647
Other	213,873	-	213,873
Gross receivables	214,486	355,576	570,062
Less allowance for bad debt	-	27,712	27,712
Net total receivables	**$ 214,486**	**$ 327,864**	**$ 542,350**

NOTE 4 – INTER-FUND RECEIVABLE/PAYABLE AND TRANSFERS

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Such inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Reallocation of resources between funds of the reporting entity is classified as inter-fund transfers. Such inter-fund transfers between funds are eliminated in the Statement of Activities. Inter-fund receivables/payables at June 30, 2025 were as follows:

Fund	Interfund Receivable	Interfund Payable
General	$ 154,854	$ -
O&M	-	107,806
Sewer Line Extension	-	42,020
Depreciation Fund	-	5,028
Total:	**$ 154,854**	**$ 154,854**

NOTE 5 – SUMMARY OF CHANGES IN CAPITAL ASSETS

Capital assets for the governmental activities during the year ended June 30, 2025 are as follows:

Governmental Activities	Beginning Balance 7/1/2024	Increases	Decreases	Ending Balance 6/30/2025
Capital assets, not being depreciated:				
Land	$ 90,463	$ -	$ -	$ 90,463
Construction in progress	508,660	-	508,660	-
Total capital assets, not being depreciated:	**599,123**	**-**	**508,660**	**90,463**
Capital assets, being depreciated:				
Buildings and improvements	910,254	508,660	-	1,418,914
Machinery and equipment	589,339	15,948	-	605,287
Vehicles	778,663	-	-	778,663
Right of use asset	2,745	-	-	2,745
Infrastructure	2,355,613	4,568	-	2,360,181
Total capital assets, being depreciated:	**4,636,614**	**529,176**	**-**	**5,165,790**
Less accumulated depreciation for:				
Right of use asset	548	550	-	1,098
Depreciation expense	2,387,209	210,578	-	2,597,787
Total accumulated depreciation:	**2,387,757**	**211,128**	**-**	**2,598,885**
Total capital assets, being depreciated, net:	**2,248,857**			**2,566,905**
Government activities capital assets, net:	**$ 2,847,980**			**$ 2,657,368**

NOTE 5 – SUMMARY OF CHANGES IN CAPITAL ASSETS – CONTINUED

Depreciation expense for governmental activities is charged to functions as follows:

	2025
General	$ 19,233
Public Safety	56,255
Street	115,411
Parks	20,229
Total	**$ 211,128**

Capital assets for the business-type activities during the year ended June 30, 2025 are as follows:

Business-Type Activities	Beginning Balance 7/1/2024	Increases	Decreases	Ending Balance 6/30/2025
Capital assets, not being depreciated:				
Land	$ 85,100	$ -	$ -	$ 85,100
Construction in progress	839,458	110,670	950,128	-
Total capital assets, not being depreciated:	**924,558**	**110,670**	**950,128**	**85,100**
Capital assets, being depreciated:				
Equipment	334,444	50,000	-	384,444
Vehicles	123,005	-	-	123,005
Water and Sewer System	22,706,578	950,128	-	23,656,706
Total capital assets, being depreciated:	**23,164,027**	**1,000,128**	**-**	**24,164,155**
Less accumulated depreciation for:				
Accumulated Decreciation	9,710,144	360,128	1,335	10,068,937
Total accumulated depreciation:	**9,710,144**	**360,128**	**1,335**	**10,068,937**
Total capital assets, being depreciated, net:	**13,453,883**			**14,095,218**
Business-type activities capital assets, net:	**$ 14,378,441**			**$ 14,180,318**

Depreciation expense for business-type activities is charged to functions as follows:

	2025
Sewer	$ 183,665
Water	176,463
Total	**$ 360,128**

NOTE 6 – LONG-TERM DEBT

The following is a summary of long-term debt of the City for the year ended June 30, 2025:

	Balance 7/1/2024	Additions	Deletions	Balance 6/30/2025	Due Within One Year
Governmental-type					
Notes Payable	$ 185,728	$ -	$ 95,249	$ 90,479	$ 50,452
Capital Lease	2,205	-	560	1,645	547
Net Pension Liability	1,844,120	-	374,197	1,469,923	-
Net OPEB Liability	51,777	-	6,846	44,931	-
Business-type					
Notes Payable	1,022,548	-	616,595	405,953	191,130
Capital Lease	8,255,833	-	756,250	7,499,583	540,240
Net Pension Liability	512,559	201,200	-	713,759	-
Net OPEB Liability	(11,029)	-	9,637	(20,666)	-
Total	**$ 11,863,741**	**$ 201,200**	**$ 1,859,334**	**$ 10,205,607**	**$ 782,369**

Notes Payable

On November 9, 2015, the City of Brandenburg entered into a loan agreement of $660,050, with Meade County Bank for construction of a water tower. As of June 30, 2025, the City had a balance of $260,992 on the loan. The note bears interest at a rate of 1.98% and principal and interest payments are monthly in the amount of $4,241. The note matures in 2030. The minimum obligations of the City at June 30, 2025 for the payment of loan principal and interest are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Annual Requirements
2026	$ 46,169	$ 4,728	$ 50,897
2027	47,089	3,808	50,897
2028	48,020	2,877	50,897
2029	48,984	1,913	50,897
2030	50,897	936	51,833
2031	19,833	995	20,828
Total	**$ 260,992**	**$ 15,257**	**$ 276,249**

On May 11, 2023, the City of Brandenburg entered into a loan agreement of $45,984, with Meade County Bank for the purchase of a 2023 Ford F-150. As of June 30, 2025, the City had a balance of $22,689 on the loan. The note bears interest at a rate of 2.990% and principal and interest payments are monthly in the amount of $1,018. The note matures in 2027. The minimum obligations of the City at June 30, 2025 for the payment of loan principal and interest are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Annual Requirements
2026	$ 11,692	$ 520	$12,212
2027	10,997	166	11,163
Total	**$ 22,689**	**$ 686**	**$ 23,375**

NOTE 6 – LONG-TERM DEBT – CONTINUED

Notes Payable – Continued

On March 20, 2023, the City of Brandenburg entered into a loan agreement of $75,510, with Meade County Bank for the purchase of a Caterpillar Skid Steer. As of June 30, 2025, the City had a balance of $44,213 on the loan. The note bears interest at a rate of 2.990% and principal and interest payments are monthly in the amount of $1,358. The note matures in 2028. The minimum obligations of the City at June 30, 2025 for the payment of loan principal and interest are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Annual Requirements
2026	$ 15,183	$ 1,115	$ 16,298
2027	15,643	655	16,298
2028	13,387	184	13,587
Total	**$ 44,213**	**$ 1,954**	**$ 32,596**

On June 7, 2023, the City of Brandenburg entered into a loan agreement of $40,455 with Meade County Bank for the purchase of a 2023 Dodge Durango. As of June 30, 2025, the City had a balance of $9,961 on the loan. The note bears interest at a rate of 2.990% and principal and interest payments are monthly in the amount of $895. The note matures in 2027. During the year, the City made additional payments to principal. The minimum obligations of the City at June 30, 2025 for the payment of loan principal and interest are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Annual Requirements
2026	$ 9,961	$ 483	$ 10,444
Total	**$ 9,961**	**$ 483**	**$ 10,444**

On October 16, 2023 the City of Brandenburg entered into a loan agreement of $70,872 with Meade County Bank for the purchase of a 2023 Ford F-550. As of June 30, 2025, the City had a balance of $13,615 on the loan. The note bears interest at a rate of 2.990% and principal and interest payments are monthly in the amount of $1,273. The note matures in 2029. During the year, the City made additional payments to principal. The minimum obligations of the City at June 30, 2025 for the payment of loan principal and interest are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Annual Requirements
2026	$ 13,616	$ 1,256	$ 14,872
Total	**$ 13,616**	**$ 1,256**	**$ 14,872**

NOTE 6 – LONG-TERM DEBT – CONTINUED

Line of Credit

On June 15, 2022, the City of Brandenburg entered into a line of credit agreement, with Meade County Bank to establish a line of credit of $1,000,050. As of June 30, 2025, the City had a balance of $144,961. The line of credit bears an interest rate of 5,440% with interest payments due starting September 15, 2022 and every 3rd month thereafter. The outstanding balance is due in full June 15 of each year.

Capital Lease

In July 2023, the City of Brandenburg entered into a lease agreement with Toshiba for a new copier. As of June 30, 2025, the City had a balance of $1,647 on the lease with $549 due in the current portion and each year thereafter. The lease has no interest, is properly classified as a finance lease, and set to mature in June of 2028.

On March 1, 2021, the City of Brandenburg entered into a lease agreement of $8,940,000, with Kentucky Bond Corporation for construction of a new sewer treatment plant. As of June 30, 2025, the City had a balance of $7,499,583 on the loan. The note bears interest at a varying rate of 2%-2.125% and payments are monthly with amounts that change annually. The note matures in 2042. The minimum obligations of the City's at June 30, 2025 for the payment of lease principal and interest are as follows:

2026	$	540,240
2027		542,456
2028		544,453
2029		544,178
2030		542,948
2031-2035		2,735,573
2036-2040		2,772,282
2041-2042		657,629
Total minimum lease payments		8,879,759
Less amount representing interest		1,380,176
Present value of minimum lease payments	**$**	**7,499,583**

NOTE 7 – RETIREMENT PLAN

The City is a participating employer of the County Employees' Retirement System (CERS). Under the provisions of Kentucky Revised Statutes (KRS) Chapter 78, the Board of Trustees of County Employees' Retirement System administers the CERS. CERS was separated from the former Kentucky Retirement Systems (now known as the Kentucky Public Pensions Authority) effective July 1, 2021. The plan issues publicly available financial statements which may be obtained from the County Employees Retirement System.

Plan Description – CERS is a cost sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, City, and school board, and any additional eligible local agencies electing to participate in the system. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living adjustments (COLA) are provided at the discretion of state legislature.

NOTE 7 – RETIREMENT PLAN – CONTINUED

Contributions – Plan members were required to contribute 5% of their annual creditable compensation for non-hazardous job classifications, and 8% of wages for hazardous job classifications. Employees hired after September 1, 2008 are required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545 (33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined, on the basis of a subsequent actuarial valuation that amended contributions rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the year ended June 30, 2025, participating employers contributed 19.71% (non-hazardous) and 38.61% (hazardous) of each employee's wages, which is equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

Plan members who began participating on, or after, January 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Plan members contribute 5% of wages to their own account for non-hazardous job classifications and 8% of wages to their own account for hazardous job classifications. Plan members also contribute 1% to the health insurance fund. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of each members' salary. Each member's account is credited with a 4% employer pay credit for non-hazardous members. The employer pay credit represents a portion of the employer contribution. For the fiscal year ended June 30, 2025, the contributions for hazardous and non-hazardous positions were $127,978 and $115,184, respectively.

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

Tier 1	Participation date	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
		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' 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 the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are $5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and $10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

NOTE 7 – RETIREMENT PLAN – CONTINUED

Pension Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2025 the City reported a liability of $2,183,683 and for its proportionate share of the net pension liability. The net pension liability is based on an actuarial valuation as of June 30, 2023, and the total pension liability used to calculate the net pension liability was rolled forward from the valuation date to the plan's fiscal year ending June 30, 2024 using generally accepted actuarial procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportionate share at June 30, 2024, was .017297 percent for non-hazardous and .044683 percent for hazardous. For the year ended June 30, 2025, the City recognized pension expenses of $255,932.

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	$ 124,743	$ -
Changes of assumptions	-	111,598
Net difference between projected and actual earnings on plan investments	-	127,847
Changes in proportion and differences between employer	493,402	99,434
contribution and proportionate share of contribution	243,162	-
City's contributions subsequent to the measurement date	**$ 861,307**	**$ 338,879**
Total		

The $243,162 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,	
2025	$ 186,081
2026	158,965
2027	(36,790)
2028	(28,991)
2029	-
Thereafter	-

Actuarial Methods and Assumptions for determining the Total Pension Liability and Net Pension Liability – The total pension liability, net pension liability, and sensitivity information as of June 30, 2024, were based on an actuarial valuation date of June 30, 2023, and was performed by Gabriel Roeder Smith (GRS). The total pension liability was rolled-forward from the valuation date (June 30, 2023) to the plan's fiscal year ending June 30, 2024, using generally accepted actuarial principles.

NOTE 7 – RETIREMENT PLAN – CONTINUED

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

Non-Hazardous

Inflation:	2.30%
Payroll Growth Rate:	2.00%
Salary Increases:	3.30% to 10.30%, varies by service
Investment Rate of Return:	6.25%
Amortization Period:	30-year closed period at June 30, 2019

Hazardous

Inflation:	2.30%
Payroll Growth Rate:	2.00%
Salary Increases:	3.55% to 19.05%, varies by service
Investment Rate of Return:	6.25%
Amortization Period:	30-year closed period at June 30, 2019

Mortality rates were based on the Pub-2010 General Mortality Table projected with the ultimate rates from the MP-2014 Mortality Improvement Scale using a base year of 2014. The Mortality Table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 Mortality Improvement Scale using a base year of 2019. The Mortality Table used for disabled members was PUB-2010 Disabled Mortality Table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 Mortality Improvement Scale using a base year of 2019. The actuarial assumptions used in June 30, 2022, actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2024.

The long-term expected rate of return was determined by using a building-block method in which best estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighing the expected future real rate of return by the target asset allocation percentage. The current long-term inflation assumption is 2.50% per annum non-hazardous. The target allocation and best estimates or arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equity		
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income		
Core Fixed Income	10.00%	2.85%
Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected		
Real Estate	7.00%	4.90%
Real Return	13.00%	2.50%
Expected Real Return	**100.00%**	**4.69%**
Long Term Nominal Return for Portfolio		**2.50%**
Expected Nominal Return for Portfolio		**7.19%**

NOTE 7 – RETIREMENT PLAN – CONTINUED

Discount Rate – The projection of cash flows used to determine the discount rate of 6.50% for Non-Hazardous and Hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate.

Sensitivity of the City's 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 new 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:

	Discount Rate	City's Proportionate Share of Net Pension Liability
1% Decrease	5.50%	$ 2,813,092
Current discount rate	6.50%	$ 2,183,683
1% Increase	7.50%	$ 1,665,829

Payable to the Pension Plan – At June 30, 2025, the City reported a payable of $22,121 for the outstanding amount of contributions to the pension and OPEB plans required for the year. The payable includes both the pension and insurance contribution allocation.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description – Employees of the City are provided hospital and medical insurance through the County Employees' Retirement System (CERS) Insurance Fund, a cost-sharing multiple-employer defined benefit OPEB plan. The CERS Insurance Fund is administered in accordance with Kentucky Revised Statutes (KRS) Chapter 78 by the County Employees' Retirement System Board of Trustees. CERS was separated from the former Kentucky Retirement Systems (now known as the Kentucky Public Pensions Authority) effective July 1, 2021. The CERS Insurance Fund issues a publicly available financial report that includes financial statements and required supplementary information, which may be obtained from the County Employees Retirement System.

Benefits Provided – The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. Because of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on, or after, July 1, 2003, earn $10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on or after July 1, 2003 earn $15 per month for insurance benefits at retirement for every year of earned services without regard to a maximum dollar amount.

Contributions – Contribution requirements of the participating employers are established and may be amended by the County Employees Retirement System Board of Trustees. For the years ended June 30, 2025, participating employers were not required to contribute to non-hazardous but contributed 2.12% to hazardous of covered payroll. Employees that entered the plan prior to September 1, 2008 are not required to contribute to the Insurance Fund. Employees that entered the plan after September 1, 2008 are required to contribute 1% of their annual creditable compensation which is deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E). For the fiscal year ended June 30, 2025 the contributions for hazardous and non-hazardous positions were $7,435 and $0, respectively.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – CONTINUED

OPEB Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2025 the City reported a net OPEB asset of $29,950 and a net OPEB liability of $54,215 for its proportionate share of the net OPEB liability. The net OPEB liability is based on an actuarial valuation as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was rolled forward from the valuation date to the plan's fiscal year ending June 30, 2024 using generally accepted actuarial procedures. 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 participating entities, actuarially determined. The City's proportionate share at June 30, 2024, was .017314 percent for non-hazardous and .044694 percent for hazardous. For the year ended June 30, 2025, the City recognized OPEB expenses of $(80,808) with an implicit subsidy of $7,373.

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	$ 31,297	$ 434,085
Changes of assumptions	63,912	68,846
Net difference between projected and actual earnings on plan investments	-	61,399
Changes in proportion and differences between employer contribution and proportionate share of contribution	215,592	92,004
	7,435	-
City's contributions subsequent to the measurement date	**$ 318,236**	**$ 656,334**
Total		

The $7,435 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ending June 30,	
2025	$ (129,308)
2026	(92,511)
2027	(89,463)
2028	(35,361)
2029	1,112
Thereafter	-

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – CONTINUED

Actuarial Assumptions – The total OPEB liability reported at June 30, 2024, with an actuarial valuation of June 30, 2023, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Non-Hazardous

Inflation:	2.30%
Payroll Growth Rate:	2.00%
Salary Increase:	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates:	
Pre - 65	Initial trend starting at 6.20% 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 incorporated into the liability measurement.
Post - 65	Initial trend starting at 9.00% 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 incorporated into the liability measurement.

Hazardous

Inflation:	2.30%
Payroll Growth Rate:	2.00%
Salary Increase:	3.55% to 19.05%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates:	
Pre - 65	Initial trend starting at 6.20% 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 incorporated into the liability measurement.
Post - 65	Initial trend starting at 9.00% 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 incorporated into the liability measurement.

Mortality rates were based on the Pub-2010 General Mortality Table projected with the ultimate rates from the MP-2014 Mortality Improvement Scale using a base year of 2014. The Mortality Table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 Mortality Improvement Scale using a base year of 2019. The Mortality Table used for disabled members was PUB-2010 Disabled Mortality Table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 Mortality Improvement Scale using a base year of 2019. The actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2024. The long-term expected rate of return was determined by using a building-block method in which best estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – CONTINUED

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	Target Allocation	Long-Term Expected Rate of Return
Equity		
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income		
Core Fixed Income	10.00%	2.85%
Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected		
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Expected Real Return	**100.00%**	**4.69%**
Long Term Nominal Return for Portfolio		**2.50%**
Expected Nominal Return for Portfolio		**7.19%**

Discount Rate – The discount rate used to measure the total OPEB liability was 5.99% for non-hazardous classifications, and 6.02% for hazardous classifications. The single discount rate is 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 ending, 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 included in the calculation of the System's actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate for June 30, 2025

Nonhazardous – The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.99%) or one percentage point higher (6.99%) follows:

	Discount Rate	City's Proportionate Share of Net OPEB Liability
1% Decrease	4.99%	$ 40,495
Current discount rate	5.99%	$ (29,950)
1% Increase	6.99%	$ (89,180)

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – CONTINUED

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate for June 30, 2025 – Continued

Hazardous – The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.02%) or one percentage point higher (7.02%) follows:

	Discount Rate	City's Proportionate Share of Net OPEB Liability
1% Decrease	5.02%	$ 149,825
Current discount rate	6.02%	$ 54,215
1% Increase	7.02%	$ (25,686)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates for June 30, 2025

Nonhazardous – The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.99%) or one percentage point higher (6.99%) than current healthcare cost trend rates follows:

City's Net OPEB Liability Healthcare Cost		
Trend Rate -1% 4.99%	Trend Rate 5.99%	Trend Rate +1% 6.99%
$ (72,056)	**$ (29,950)**	**$ 19,100**

Hazardous – The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.02%) or one percentage point higher (7.02%) than current healthcare cost trend rates follows:

City's Net OPEB Liability Healthcare Cost		
Trend Rate -1% 5.02%	Trend Rate 6.02%	Trend Rate +1% 7.02%
$ (8,404)	**$ 54,215**	**$ 127,403**

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The City receives state grants for specific purposes that are subject to review and audit by state agencies. Such audits could result in a request for reimbursement by the State for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of city management, such allowances, if any, will not be significant.

NOTE 10 – RISK MANAGEMENT

The City is exposed to various forms of asset losses associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas are covered through the purchase of commercial insurance. As of June 30, 2025, the City was sufficiently insured.

NOTE 11 – DATE OF MANAGEMENT'S REVIEW

Subsequent events were evaluated through March 6, 2026, which is the date the financial statements were available to be issued.

CITY OF BRANDENBURG, KENTUCKY
REQUIRED SUPPLEMENTAL
BUDGETARY COMPARISON-GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Property taxes	$ 1,550,000	$ 1,550,000	$ 1,378,224	$ (171,776)
Franchise Fees	-	-	21,656	21,656
Licenses and Permits	111,000	111,000	44,186	(66,814)
Rental Income	-	-	22,817	22,817
Intergovernmental Revenue	-	-	-	-
Service charges and fees	-	-	-	-
Other	212,500	212,500	164,688	(47,812)
Total Revenues	**1,873,500**	**1,873,500**	**1,631,571**	**(241,929)**
Expenditures				
General Government	889,000	889,000	542,743	346,257
Public Safety	701,500	701,500	679,225	22,275
Streets	-	-	224,988	(224,988)
Sanitation	1,200	1,200	7,725	(6,525)
Parks and Recreation	50,000	50,000	49,012	988
Community Projects	40,000	40,000	35,500	4,500
Debt Service	100,000	100,000	100,111	(111)
Capital Purchases	80,000	80,000	20,516	59,484
Total Expenditures	**1,861,700**	**1,861,700**	**1,659,820**	**201,880**
Excess (deficiency) of revenues over (under) expenditures	**11,800**	**11,800**	**(28,249)**	**(40,049)**
Other Financing Sources (uses)				
Loan proceeds	-	-	-	**-**
Transfers in (out)	-	-	25,922	**25,922**
Net other financing sources (uses)	**-**	**-**	**25,922**	**25,922**
Net Change in Fund Balance	**11,800**	**11,800**	**(2,327)**	**(14,127)**
Fund Balance, Beginning	**831,398**	**831,398**	**831,398**	**1,237,857**
Fund Balance, Ending	**$ 843,198**	**$ 843,198**	**$ 829,071**	**$ 1,223,730**

NOTE A - BASIS OF PRESENTATION

The City prepares its financial statements using accounting principles generally accepted in the United States of America (GAAP), but the budget is prepared using the cash basis of accounting, which is a comprehensive basis of accounting other than GAAP.

The budget and all transactions are presented in accordance with the City's budgetary basis in the Budgetary Comparison Schedule - General Fund to provide a comparison of actual results with the budget. No adjustments have been made to convert the actual data presented on the GAAP basis to the cash basis of accounting for revenues because any differences were deemed to be immaterial.

CITY OF BRANDENBURG, KENTUCKY
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
NON-HAZARDOUS										
City's proportion of the net pension liability (asset)	0.022583%	0.022488%	0.023504%	0.026630%	0.023138%	0.023959%	0.025653%	0.019150%	0.016996%	0.017297%
City's proportionate share of the net pension liability (asset)	$ 970,951	$ 1,107,205	$ 1,375,761	$ 1,441,149	$ 1,627,306	$ 1,837,635	$ 1,635,580	$ 1,384,356	$ 1,090,550	$ 1,034,434
City's covered-employee payroll	$ 528,816	$ 514,404	$ 572,265	$ 586,677	$ 593,306	$ 655,866	$ 529,529	$ 493,358	$ 543,026	$ 584,395
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	183.61%	215.24%	240.41%	245.65%	274.28%	280.18%	308.87%	280.60%	200.83%	177.01%
Plan fiduciary net position as a percentage of the total pension liability	59.97%	55.50%	53.32%	53.54%	50.45%	47.81%	57.33%	52.42%	57.48%	61.61%

	2022	2023	2024	2025
HAZARDOUS				
City's proportion of the net pension liability (asset)	0.000000%	0.033692%	0.046964%	0.044683%
City's proportionate share of the net pension liability (asset)	$ -	$ 1,028,097	$ 1,266,129	$ 1,149,249
City's covered-employee payroll	$ 219,418	$ 329,481	$ 334,869	$ 350,720
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	312.04%	378.10%	327.68%
Plan fiduciary net position as a percentage of the total pension liability	52.26%	47.11%	52.96%	57.05%

Note: The above schedules will present 10 years of historical data, once available.

CITY OF BRANDENBURG, KENTUCKY
SCHEDULE OF CONTRIBUTIONS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
NON-HAZARDOUS										
Contractually required contribution	$ 63,889	$ 79,831	$ 84,951	$ 96,234	$ 118,446	$ 126,582	$ 112,101	$ 115,446	$ 126,742	$ 115,184
Contributions in relation to the contractually required contribution	63,889	79,831	84,951	96,234	118,446	126,582	112,101	115,446	126,742	115,184
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 514,404	$ 328,418	$ 586,677	$ 593,306	$ 611,992	$ 655,866	$ 529,529	$ 493,358	$ 543,026	$ 584,395
Contributions as a percentage of covered-employee payroll	12.42%	24.31%	14.48%	16.22%	19.35%	19.30%	21.17%	23.40%	23.34%	19.71%

	2022	2023	2024	2025
HAZARDOUS				
Contractually required contribution	$ 74,295	$ 141,051	$ 137,665	$ 127,978
Contributions in relation to the contractually required contribution	74,295	141,051	137,665	127,978
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 219,418	$ 329,481	$ 334,869	$ 350,720
Contributions as a percentage of covered-employee payroll	33.86%	42.81%	41.11%	36.49%

Note: The above schedules will present 10 years of historical data, once available.

CITY OF BRANDENBURG, KENTUCKY
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
LAST EIGHT FISCAL YEARS

	2018	2019	2020	2021	2022	2023	2024	2025
NON-HAZARDOUS								
City's proportion of the net OPEB liability	0.023504%	0.023663%	0.023138%	0.023952%	0.025647%	0.019146%	0.016996%	0.017314%
City's proportionate share of the net OPEB liability	$ 472,511	$ 420,114	$ 389,070	$ 578,368	$ 490,999	$ 377,849	$ (23,466)	$ (29,950)
City's covered-employee payroll	$ 572,265	$ 586,677	$ 593,306	$ 655,866	$ 529,529	$ 493,358	$ 543,026	$ 584,395
City's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	82.57%	71.61%	65.58%	88.18%	92.72%	76.59%	-4.32%	-5.12%
Plan fiduciary net position as a percentage of the total OPEB liability	52.39%	57.62%	60.44%	51.67%	62.91%	60.95%	104.23%	104.89%

	2022	2023	2024	2025
HAZARDOUS				
City's proportion of the net OPEB liability	0.000000%	0.033675%	0.046932%	0.044694%
City's proportionate share of the net OPEB liability	$ -	$ 286,839	$ 64,214	$ 54,215
City's covered-employee payroll	$ 219,418	$ 329,481	$ 334,869	$ 350,720
City's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%	87.06%	19.18%	15.46%
Plan fiduciary net position as a percentage of the total OPEB liability	66.81%	64.13%	92.27%	93.53%

Note: The above schedules will present 10 years of historical data, once available.

CITY OF BRANDENBURG, KENTUCKY
SCHEDULE OF CONTRIBUTIONS TO THE
OTHER POST EMPLOYMENT BENEFITS
LAST EIGHT FISCAL YEARS

	2018	2019	2020	2021	2022	2023	2024	2025
NON-HAZARDOUS								
Contractually required contribution	$ 27,574	$ 31,208	$ 29,213	$ 31,219	$ 30,607	$ 16,725	$ -	$ -
Contributions in relation to the contractually required contribution	27,574	31,208	29,213	31,219	30,607	16,725	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 572,265	$ 586,677	$ 593,306	$ 655,866	$ 529,529	$ 493,358	$ 543,026	$ 584,395
Contributions as a percentage of covered-employee payroll	4.82%	5.32%	4.92%	4.76%	5.78%	3.39%	0.00%	0.00%

	2022	2023	2024	2025
HAZARDOUS				
Contractually required contribution	$ 22,973	$ 22,339	$ 8,640	$ 7,435
Contributions in relation to the contractually required contribution	22,973	22,339	8,640	7,435
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 219,418	$ 329,481	$ 334,869	$ 350,720
Contributions as a percentage of covered-employee payroll	10.47%	6.78%	2.58%	2.12%

Note: The above schedules will present 10 years of historical data, once available.

NOTE 1 – BUDGETARY ACCOUNTING AND CONTROL

Budget Law

The City annually prepares a budget under the provisions of Kentucky Revised Statute (KRS) 91A.030. In accordance with the Statute, the following process is used to adopt the annual budget:

- The budget proposal is the responsibility of the Mayor and the City and shall be submitted to the legislative body not later than thirty days prior to the beginning of the fiscal year it covers.
- The legislative body shall adopt a budget ordinance making appropriations for the fiscal year in such sums as the legislative body finds sufficient and proper, whether greater or less than the sums recommended in the budget proposal. The budget ordinance may be in any form that the legislative body finds most efficient in enabling it to make the necessary fiscal policy decisions.
- No budget ordinance shall be adopted that provides for appropriations to exceed available resources in any one fiscal year, which would also violate section 157 of the Kentucky Constitution.
- The City legislative body may amend the budget ordinance after the ordinances' adoption if the amended ordinance continues to satisfy the requirements of KRS 91A.030.
- Immediately following the adoption of an annual budget, the clerk shall cause a summary of the budget or the text of the budget ordinance to be advertised by publication in a newspaper.

Budgetary Accounting

The annual operation budgets of governmental and proprietary funds are prepared and presented on the modified accrual basis of accounting. The City does not use an encumbrance accounting system; thus, the budgetary and GAAP presentation of the Statement of Revenues, Expenditures and Changes in Fund Balance, Budgetary and Actual are the same.

NOTE 2 – CERS

General Information

Contributions: Contractually required employer contributions reported on the Schedule of Pension Contributions exclude the portion of contributions paid to CERS but allocated to the insurance fund of the CERS. The insurance contributions are reported on the Schedule of OPEB Contributions.

Payroll: The City's covered payroll reported on the Proportionate Share of the Net Pension Liability and the Proportionate Share of the Net OPEB Liability Schedules is one year prior to the City's fiscal year payroll as reported on the Schedule of Contributions for Pension and OPEB.

Changes of Assumptions

June 30, 2024 - Pension and OPEB Hazardous and Nonhazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2024, for pension.

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2024, for OPEB:

- The single discount rate increased from 5.93% to 5.99% for non-hazardous and from 5.97% to 6.02% for hazardous. The assumed increase in future health care costs, or trend assumption, was updated to better reflect plan's long-term healthcare cost increases.

NOTE 2 – CERS – CONTINUED

Changes of Assumptions – Continued

June 30, 2023 - Pension and OPEB Hazardous and Nonhazardous

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2023, for pension:

- The single discount rate increased from 6.25% to 6.50% for non-hazardous and from 6.25% to 6.50% for hazardous.

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2023, for OPEB:

- The single discount rate increased from 5.70% to 5.93% for non-hazardous and from 5.05% to 5.97% for hazardous. The municipal bond rate increased from 3.39% to 3.86%.

June 30, 2022 – Pension and OPEB Hazardous and Nonhazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2022, for pension.

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2022, for OPEB:

- The single discount rate increased from 5.20% to 5.70% for non-hazardous and from 5.30% to 5.05% for hazardous. The municipal bond rate increased from 1.92% to 3.39%

June 30, 2021 – Pension and OPEB Hazardous and Nonhazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2021, for pension.

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2021, for OPEB:

- The single discount rate decreased from 5.34% to 5.20% for non-hazardous and from 5.30% to 5.05% for hazardous. The municipal bond rate decreased from 3.13% to 1.92%

June 30, 2020 – Pension and OPEB Hazardous and Nonhazardous

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for OPEB:

- The initial healthcare trend rate for pre-65 was changed from 7% to 6.40%, which gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years. The initial healthcare trend rate for post-65 was changed from 5% to 2.90%, which increases to 6.30% in 2023 and then gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years.

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for pension.

NOTE 2 – CERS – CONTINUED

Changes of Assumptions – Continued

June 30, 2019 – Pension and OPEB Hazardous and Nonhazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2019, for both pension and OPEB:

- The assumed rate of salary increases was increased from 3.05% to 3.3% to 10.3% on average for non-hazardous and 3.05% to 3.55% to 19.05% on average for hazardous.

June 30, 2018 – Pension and OPEB – Hazardous and Nonhazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2018 for either pension or OPEB.

June 30, 2017 – Pension and OPEB – Hazardous and Nonhazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2017, for both pension and OPEB:

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

June 30, 2016 – Pension and OPEB – Hazardous and Nonhazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2016 for either pension or OPEB.

June 30, 2015 – Pension – Hazardous and Nonhazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015:

- The assumed rate of return was decreased from 7.75% to 7.5%.
- The assumed rate of inflation was reduced from 3.5% to 3.25%.
- The assumed rate of wage inflation was reduced from 1% to .75%.
- Payroll growth assumption was reduced from 4.5% to 4%.
- Mortality rates were based on the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females).
- For Disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.
- The assumed rates of retirement, withdrawal, and disability were updated to reflect experience more accurately.

CITY OF BRANDENBURG, KENTUCKY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Christmas by the River Fund	Citizens on Patrol Fund	LGEA Fund	Municipal Road Aid Fund	Police Forfeiture Fund	Health Insurance Fund	ABC Fund	Total Non-major Fund
Assets								
Cash in bank	$ 10,667	$ 3,528	$ -	$ -	$ 3,859	$ 16,984	$ 85,415	$ 120,453
Restricted cash	-	-	104,472	176,828	-	-	-	281,300
Due from other funds	-	-	9,152	-	-	-	-	9,152
Total Assets	**$ 10,667**	**$ 3,528**	**$ 113,624**	**$ 176,828**	**$ 3,859**	**$ 16,984**	**$ 85,415**	**$ 410,905**
Liabilities								
Due to other funds	$ -	$ -	$ -	$ 9,055	$ -	$ -	$ -	$ 9,055
Total Liabilities	**-**	**-**	**-**	**9,055**	**-**	**-**	**-**	**9,055**
Fund Balance								
Restricted:								
Economic assistance	-	-	113,624	-	-	-	-	113,624
Municipal roads	-	-	-	167,773	-	-	-	167,773
Assigned:	-	-	-	-	-	-	-	-
General governement	-	-	-	-	-	16,984	-	16,984
Community projects	10,667	-	-	-	-	-	-	10,667
Public safety	-	3,528	-	-	3,859	-	85,415	92,802
Future construction	-	-	-	-	-	-	-	-
Total Fund Balance	**10,667**	**3,528**	**113,624**	**167,773**	**3,859**	**16,984**	**85,415**	**401,850**
Total Liabilities And Fund Balance	**$ 10,667**	**$ 3,528**	**$ 113,624**	**$ 176,828**	**$ 3,859**	**$ 16,984**	**$ 85,415**	**$ 410,905**

CITY OF BRANDENBURG, KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Christmas by the River Parade Fund	Citzens on Patrol Fund	LGEA Fund	Municipal Road Aid Fund	Police Forfeitue Fund	Health Insurance Fund	ABC Fund	Total Non-major Fund
Revenues								
Charges for services	$ -	$ -	$ -	$ -	$ -	$ -	$ 71,858	$ 71,858
Interest income	-	-	1,808	2,278	-	-	-	4,086
Intergovernmental revenues	-	-	36,300	56,064	-	-	-	92,364
Miscellaneous	46,444	-	-	-	400	-	-	46,844
Total Revenues	**46,444**	**-**	**38,108**	**58,342**	**400**	**-**	**71,858**	**215,152**
Expenditures								
Current:								
General government	-	-	-	-	-	11,271	-	11,271
Streets and highways	-	-	-	3,997	-	-	-	3,997
Community projects	38,444	-	-	-	-	-	-	38,444
Public safety	-	1,866	30,155	-	549	-	970	33,540
Total Expenditures	**38,444**	**1,866**	**30,155**	**3,997**	**549**	**11,271**	**970**	**87,252**
Excess (Deficiency) of Revenues over Expenditures	**8,000**	**(1,866)**	**7,953**	**54,345**	**(149)**	**(11,271)**	**70,888**	**127,900**
Other Financing Sources								
Transfer in	-	-	-	-	-	15,000	-	15,000
Transfers out	-	-	(15,948)	-	-	-	-	(15,948)
Net Change in Fund Balance	**8,000**	**(1,866)**	**(7,995)**	**54,345**	**(149)**	**3,729**	**70,888**	**126,952**
Fund Balance - Beginning of Year	**2,667**	**5,394**	**121,619**	**113,428**	**4,008**	**13,255**	**14,527**	**274,898**
Fund Balance - End of Year	**$ 10,667**	**$ 3,528**	**$ 113,624**	**$ 167,773**	**$ 3,859**	**$ 16,984**	**$ 85,415**	**$ 401,850**

CITY OF BRANDENBURG, KENTUCKY
COMBINING STATMENT OF NET POSITION - NON-MAJOR PROPRIETARY FUNDS
JUNE 30, 2025

	Waste Water Construction Fund	Depreciation Fund	Bond And Interest Fund	Water Plant Upgrades Fund	Total Non-major Funds
Assets					
Non-Current Assets					
Restricted cash	$ 196,971	$ 472,644	$ 319,540	$ -	$ 989,155
Accounts receivable	-			-	-
Construction in progress	-	-	-	-	-
Total Assets	**$ 196,971**	**$ 472,644**	**$ 319,540**	**$ -**	**$ 989,155**
Liabilities					
Non-Current Assets					
Due to other funds	$ -	$ 5,028	$ -	$ -	$ 5,028
Accrued interest	12,328	-	-	-	12,328
Line of credit	144,961	-	-	-	144,961
Capital leases	7,499,583	-	-	-	7,499,583
Total Liabilities	**7,656,872**	**5,028**	**-**	**-**	**7,661,900**
Net Position					
Net investment in capital assets	-	-	-	-	-
Restricted:	-	-	-	-	-
Future Construction	196,971	472,644	-	-	669,615
Debt service	-	-	319,540	-	319,540
Unrestricted	**(7,656,872)**	(5,028)	**-**	**-**	(7,661,900)
Total Net Position	**(7,459,901)**	**467,616**	**319,540**	**-**	**(6,672,745)**
Total Liabilities and Net Position	**$ 196,971**	**$ 472,644**	**$ 319,540**	**$ -**	**$ 989,155**

CITY OF BRANDENBURG, KENTUCKY
COMBINING STATMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Waste Water Construction Fund	Depreciation Fund	Bond And Interest Fund	Water Plant Upgrades Fund	Total Non-major Funds
Revenues					
Interest income	$ 6,989	$ 6,320	$ 4,667	$ -	$ 17,976
Intergovernmental revenues	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	**6,989**	**6,320**	**4,667**	**-**	**17,976**
Expenses					
Interest expense	191,497	-	50,897	57,010	299,404
Miscellaneous expense	-	-	-	-	-
Total Expenses	**191,497**	**-**	**50,897**	**57,010**	**299,404**
Excess (Deficiency) of Revenues over Expenditures	**(184,508)**	**6,320**	**(46,230)**	**(57,010)**	**(281,428)**
Other Financing Sources					
Transfers in	725,307	96,000	60,000	-	881,307
Transfers out	(92,133)	-	-	(942,990)	(1,035,123)
Grant Proceeds	277,000	-	-	323,224	600,224
Changes in Net Position	**725,666**	**102,320**	**13,770**	**(676,776)**	**164,980**
Net Position - Beginning of Year	**(8,185,567)**	**365,296**	**305,770**	**676,776**	**(6,837,725)**
Net Position - End of Year	**$ (7,459,901)**	**$ 467,616**	**$ 319,540**	**$ -**	**$ (6,672,745)**

SK LEE CPAS, P.S.C.
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and Members of the City Council
City of Brandenburg
Brandenburg, Kentucky 40108

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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brandenburg (hereinafter called 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 March 6, 2025.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be material weaknesses.

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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The City's Response to Findings

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

Purpose of This Report

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

SK LEE CPAs, P.S.C.

Berea, Kentucky
March 6, 2025

MATERIAL WEAKNESS

2025-001 Financial Statement Preparation

Condition:
A key component of internal control is to ensure that personnel, management, or others within the City have the ability to prepare financial statements, including the notes to the financial statements, in accordance with accounting principles generally accepted in the United States of America (GAAP).

Criteria:
During our audit procedures we noted some instances of this objective not being completely achieved.

Cause:
The City did not prepare a complete set of GAAP financial statements and related note disclosures.

Effect:
Management is responsible establishing and maintaining internal controls for the fair presentation of the financial position, results of operations, cash flows, and disclosures in the financial statements, in conformity with accounting principles generally accepted in the United States of America. The City does not internally possess the ability to recognize and implement new authoritative guidance in regard to financial reporting. However, management is knowledgeable in respect to the financial accounting and amounts reported in the financial statements. As such, management requested us to prepare a draft of the financial statements, including the related footnote disclosures.

Recommendation:
Management should continue to engage the audit firm to prepare a draft of the financial statements including the notes to the financial or hire an accountant to perform their services.

Views of Responsible Officials:
Management agrees with the recommendation.