

**CITY OF BRANDENBURG, KENTUCKY  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**CITY OF BRANDENBURG, KENTUCKY  
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FOR THE YEAR ENDED JUNE 30, 2024**

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**CITY OF BRANDENBURG  
737 HIGH STREET  
BRANDENBURG, KY 40108  
(270) 422-4981**

**CITY OFFICIALS AND OFFICERS**

**MAYOR**

David Pace

**MEMBERS OF COUNCIL**

Bruce Fackler  
Charlotte Ford  
Bradley Johnston  
Mark Spry  
Ginger Coomes  
William Basham

**OFFICERS**

Amy Haynes  
City Clerk

Jessica Brown Roberts  
City Attorney

Brian Haag  
Chief of Police

T.J. Hughes  
Public Works Director

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**INDEPENDENT AUDITOR'S REPORT**

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

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

***Opinion***

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 (hereinafter called the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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 opinion.

***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 opinion. 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 and the schedule of expenditures of federal awards and, 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 February 7, 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 the City's internal control over financial reporting and compliance.

***SK LEE CPAs, P.S.C.***

Berea, Kentucky  
February 7, 2025

**CITY OF BRANDENBURG, KENTUCKY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 700,752	\$ 502,061	\$ 1,202,813
Receivables, net			
Customers	-	913,946	913,946
Interest	304	34	338
Other	165,294	-	165,294
Due from other funds	154,854	-	154,854
Inventory, net	-	78,613	78,613
<b>Total Current Assets</b>	<b><u>1,021,204</u></b>	<b><u>1,494,654</u></b>	<b><u>2,437,245</u></b>
<b>Non-Current Assets</b>			
Restricted cash	234,950	790,328	1,025,278
Net OPEB asset	-	11,029	11,029
Capital assets:			
Non-depreciable	599,123	924,558	1,523,681
Depreciable, net	2,248,857	13,453,883	15,702,740
<b>Total Non-Current Assets</b>	<b><u>3,082,930</u></b>	<b><u>15,179,798</u></b>	<b><u>18,262,728</u></b>
<b>Total Assets</b>	<b><u>4,104,134</u></b>	<b><u>16,674,452</u></b>	<b><u>20,699,973</u></b>
<b>Deferred Outflows of Resources</b>			
Deferred amounts related to pension	1,093,943	87,429	1,181,372
Deferred amounts related to OPEB	372,635	36,121	408,756
<b>Total Deferred Outflows of Resources</b>	<b><u>1,466,578</u></b>	<b><u>123,550</u></b>	<b><u>1,590,128</u></b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	32,092	33,152	65,244
Accrued expenses	65,910	37,973	103,883
Due to other funds	-	154,854	154,854
Deferred grant	-	-	-
Notes payable	49,651	1,022,548	1,072,199
Capital lease	2,205	540,798	543,003
<b>Total Current Liabilities</b>	<b><u>149,858</u></b>	<b><u>1,789,325</u></b>	<b><u>1,939,183</u></b>
<b>Non-Current Liabilities</b>			
Notes payable	136,077	260,983	397,060
Capital leases	-	7,340,869	7,340,869
Net pension liability	1,844,120	512,559	2,356,679
Net OPEB liability	51,777	-	51,777
<b>Total Non-Current Liabilities</b>	<b><u>2,031,974</u></b>	<b><u>8,114,411</u></b>	<b><u>10,146,385</u></b>
<b>Total Liabilities</b>	<b><u>2,181,832</u></b>	<b><u>9,903,736</u></b>	<b><u>12,085,568</u></b>
<b>Deferred Inflows of Resources</b>			
Deferred amounts related to pension	303,228	169,950	473,178
Deferred amounts related to OPEB	598,060	228,387	826,447
<b>Total Deferred Inflows of Resources</b>	<b><u>901,288</u></b>	<b><u>398,337</u></b>	<b><u>1,299,625</u></b>
<b>Net Position (Deficit)</b>			
Net investment in capital assets	2,660,047	6,078,640	8,738,687
Restricted	234,950	790,328	1,025,278
Unrestricted (deficit)	(407,405)	(373,039)	(780,444)
<b>Total Net Position (Deficit)</b>	<b><u>\$ 2,487,592</u></b>	<b><u>\$ 6,495,929</u></b>	<b><u>\$ 8,983,521</u></b>

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



**CITY OF BRANDENBURG, KENTUCKY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2024**

<b>Functions/Programs</b>	<b>Program Revenues</b>			<b>Net (Expenses) Revenue and Changes in Net Position</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contribution</b>	<b>Primary Government</b>		<b>Total</b>
					<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>Government Activities</b>							
General government	\$ 1,105,946		\$ -	\$ 649,497	\$ (456,449)	\$ -	\$ (456,449)
Public safety	1,080,414	3,666	-	-	(1,076,748)	-	(1,076,748)
Street and roads	459,425	-	-	-	(459,425)	-	(459,425)
Sanitation	10,378	-	-	-	(10,378)	-	(10,378)
Parks and recreation	94,057	-	-	-	(94,057)	-	(94,057)
Community projects	100,056	-	-	-	(100,056)	-	(100,056)
<b>Total Governmental Activities</b>	<b>2,850,276</b>	<b>3,666</b>	<b>-</b>	<b>649,497</b>	<b>(2,197,113)</b>	<b>-</b>	<b>(2,197,113)</b>
<b>Business-Type Activities</b>							
Water utilities	580,725	849,240	-	-	-	268,515	268,515
Sewer utilities	629,119	908,733	277,000	676,776	-	1,233,390	1,233,390
<b>Total Business-Type Activities</b>	<b>1,209,844</b>	<b>1,757,973</b>	<b>277,000</b>	<b>676,776</b>	<b>-</b>	<b>1,501,905</b>	<b>1,501,905</b>
<b>Total Activities</b>	<b>\$ 4,060,120</b>	<b>\$ 1,761,639</b>	<b>\$ 277,000</b>	<b>\$ 1,326,273</b>	<b>\$ (2,197,113)</b>	<b>\$ 1,501,905</b>	<b>\$ (695,208)</b>
					<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>General Revenues</b>							
Property taxes					1,241,223	-	1,241,223
Franchise fees					25,618	-	25,618
Licenses and permits					39,205	-	39,205
Rental income					28,663	-	28,663
Intergovernmental					313,467	-	313,467
Interest income					13,101	19,836	32,937
Miscellaneous					171,996	225,901	397,897
Transfers, net					4,500	(4,500)	-
Total General Revenues and Transfers					1,837,773	241,237	2,079,010
<b>Change in Net Position</b>					<b>(359,340)</b>	<b>1,743,142</b>	<b>1,383,802</b>
<b>Total Net Position, Beginning</b>					<b>2,846,932</b>	<b>4,752,787</b>	<b>7,599,719</b>
<b>Net Position, Ending</b>					<b>\$ 2,487,592</b>	<b>\$ 6,495,929</b>	<b>\$ 8,983,521</b>

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

**CITY OF BRANDENBURG, KENTUCKY  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2024**

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 660,075	\$ 40,677	\$ 700,752
Restricted cash	-	234,950	234,950
Accounts receivable			
Customers	-	-	-
Interest	304	-	304
Other	165,294	-	165,294
Due from other funds	163,909	9,152	173,061
<b>Total Assets</b>	<b>\$ 989,582</b>	<b>\$ 284,779</b>	<b>\$ 1,274,361</b>
 <b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 31,266	\$ 826	\$ 32,092
Accrued expenses	65,910	-	65,910
Due to other funds	9,152	9,055	18,207
Deferred grants	-	-	-
Notes and lease payable	51,856	-	51,856
<b>Total Liabilities</b>	<b>158,184</b>	<b>9,881</b>	<b>168,065</b>
 <b>Fund Balances</b>			
Restricted	-	235,047	235,047
Assigned	-	39,851	39,851
Unassigned	831,398	-	831,398
<b>Total Fund Balances</b>	<b>831,398</b>	<b>274,898</b>	<b>1,106,296</b>
 <b>Total Liabilities and Fund Balances</b>	 <b>\$ 989,582</b>	 <b>\$ 284,779</b>	 <b>\$ 1,274,361</b>
 Amounts reported for <i>governmental activities</i> in the Statement of Net Position are different because:			
Fund balances reported above			<b>\$ 1,106,296</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			2,847,980
Net deferred inflows/outflows related to the long-term net pension liability and long-term net OPEB liability are not reported in the funds.			565,290
 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			(136,077)
Net pension liability			(1,844,120)
Net OPEB liability			(51,777)
 <b>Net Position of Governmental Activities</b>			 <b>\$ 2,487,592</b>

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, 2024**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Tax revenue	\$ 1,241,223	\$ -	\$ 1,241,223
Franchise fees	25,618	-	25,618
Licenses and permits	39,205	-	39,205
Rental income	28,663	-	28,663
Intergovernmental revenues	649,497	313,467	962,964
Service charges and fees	-	3,666	3,666
Other	122,331	62,766	185,097
<b>Total Revenues</b>	<b><u>2,106,537</u></b>	<b><u>379,899</u></b>	<b><u>2,486,436</u></b>
<b>Expenditures</b>			
General government	816,961	15,895	832,856
Public safety	659,784	45,082	704,866
Street	354,867	5,106	359,973
Sanitation	10,378	-	10,378
Parks and recreation	73,866	-	73,866
Community projects	44,628	55,428	100,056
Capital outlay	945,756	-	945,756
Debt Service:			
Principal	43,954	-	43,954
Interest	5,899	-	5,899
<b>Total Expenditures</b>	<b><u>2,956,093</u></b>	<b><u>121,511</u></b>	<b><u>3,077,604</u></b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b><u>(849,556)</u></b>	<b><u>258,388</u></b>	<b><u>(591,168)</u></b>
<b>Other Financing Sources (Uses)</b>			
Loan proceeds	70,872	-	70,872
Transfers in (out)	372,225	(367,725)	4,500
<b>Total Other Financing Sources (Uses)</b>	<b><u>443,097</u></b>	<b><u>(367,725)</u></b>	<b><u>75,372</u></b>
<b>Net Change in Fund Balance</b>	<b><u>(406,459)</u></b>	<b><u>(109,337)</u></b>	<b><u>(515,796)</u></b>
<b>Fund Balance, Beginning of Year</b>	<b><u>1,237,857</u></b>	<b><u>384,235</u></b>	<b><u>1,622,092</u></b>
<b>Fund Balance, Ending</b>	<b><u>\$ 831,398</u></b>	<b><u>\$ 274,898</u></b>	<b><u>\$ 1,106,296</u></b>

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, 2024**

<b>Net Changes in Fund Balances - Total Governmental Funds</b>	<b>\$ (515,796)</b>
<p>Amounts reported for <i>government activities</i> in the Statement of Activities are different because:</p>	
<p>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 capital outlay of \$945,756 exceeds depreciation expense of \$193,138 in the current period.</p>	752,618
<p>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 liabilities in the Statement of Net Position. This is the amount by which proceeds is more than repayments.</p>	(26,918)
<p>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</p>	<u>(569,244)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ (359,340)</u></u></b>

**CITY OF BRANDENBURG, KENTUCKY**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2024**

	Water & Wastewater Fund	Revenue Fund	Sewer Line Extension Fund	Non-Major Proprietary Funds	Total Proprietary Funds
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 50,832	\$ 210,140	\$ 241,089	\$ -	\$ 502,061
Receivables, net					
Customers	-	237,170	-	676,776	913,946
Interest	-	34	-	-	34
Due from other funds	-	-	-	-	-
Inventory	78,613	-	-	-	78,613
<b>Total Current Assets</b>	<b>129,445</b>	<b>447,344</b>	<b>241,089</b>	<b>676,776</b>	<b>1,494,654</b>
<b>Non-Current Assets</b>					
Restricted cash	-	-	-	790,328	790,328
Net OPEB asset	11,029	-	-	-	11,029
Capital assets:					
Non-depreciable	85,100	-	280,311	559,147	924,558
Depreciable, net	13,453,883	-	-	-	13,453,883
<b>Total Non-Current Assets</b>	<b>13,550,012</b>	<b>-</b>	<b>280,311</b>	<b>1,349,475</b>	<b>15,179,798</b>
<b>Total Assets</b>	<b>13,679,457</b>	<b>447,344</b>	<b>521,400</b>	<b>2,026,251</b>	<b>16,674,452</b>
<b>Deferred Outflows of Resources</b>					
Deferred amounts related to pension	87,429	-	-	-	87,429
Deferred amounts related to OPEB	36,121	-	-	-	36,121
<b>Total Deferred Outflows of Resources</b>	<b>123,550</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>123,550</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts payable	33,152	-	-	-	33,152
Accrued expenses	37,973	-	-	-	37,973
Accrued interest	-	-	-	-	-
Customer deposits payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Due to other funds	107,806	-	42,020	5,028	154,854
Notes payable	45,267	-	-	977,281	1,022,548
Capital lease	-	-	-	540,798	540,798
<b>Total Current Liabilities</b>	<b>224,198</b>	<b>-</b>	<b>42,020</b>	<b>1,523,107</b>	<b>1,789,325</b>
<b>Non-Current Liabilities</b>					
Notes payable	260,983	-	-	-	260,983
Capital lease	-	-	-	7,340,869	7,340,869
Net pension liability	512,559	-	-	-	512,559
<b>Total Non-Current Liabilities</b>	<b>773,542</b>	<b>-</b>	<b>-</b>	<b>7,340,869</b>	<b>8,114,411</b>
<b>Total Liabilities</b>	<b>997,740</b>	<b>-</b>	<b>42,020</b>	<b>8,863,976</b>	<b>9,903,736</b>
<b>Deferred Inflows of Resources</b>					
Deferred amounts related to pension	169,950	-	-	-	169,950
Deferred amounts related to OPEB	228,387	-	-	-	228,387
<b>Total Deferred Inflows of Resources</b>	<b>398,337</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>398,337</b>
<b>Net Position</b>					
Net investment in capital assets	13,538,983	-	280,311	(7,740,654)	6,078,640
Restricted	-	-	-	790,328	790,328
Unrestricted (deficit)	(1,132,053)	447,344	199,069	112,601	(373,039)
<b>Total Net Position</b>	<b>\$ 12,406,930</b>	<b>\$ 447,344</b>	<b>\$ 479,380</b>	<b>\$ (6,837,725)</b>	<b>\$ 6,495,929</b>

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, 2024**

	<b>Water and Wastewater Fund</b>	<b>Revenue Fund</b>	<b>Sewer Line Extension Fund</b>	<b>Non-Major Proprietary Funds</b>	<b>Total Proprietary Funds</b>
<b>Operating Revenues</b>					
Charges for services	\$ -	\$ 1,757,973	\$ -	\$ -	\$ 1,757,973
Connection fees	-	76,050	-	-	76,050
Intergovernmental revenues	-	-	-	953,776	953,776
Miscellaneous	124,840	25,011	-	-	149,851
<b>Total Operating Revenues</b>	<b>124,840</b>	<b>1,859,034</b>	<b>-</b>	<b>953,776</b>	<b>2,937,650</b>
<b>Operating Expenses</b>					
Salaries	227,638	-	-	-	227,638
Employee benefits	(410,412)	-	-	-	(410,412)
Depreciation	326,442	-	-	-	326,442
Maintenance and supplies	459,348	-	-	-	459,348
Utilities and telephone	90,584	-	-	-	90,584
Insurance	60,280	-	-	-	60,280
Professional fees	58,044	2,908	-	-	60,952
Utility Tax	24,746	-	-	-	24,746
Travel and training	255	-	-	-	255
Office supplies	20,586	-	-	-	20,586
Miscellaneous	48,234	8,789	-	64,019	121,042
<b>Total Operating Expenses</b>	<b>905,745</b>	<b>11,697</b>	<b>-</b>	<b>64,019</b>	<b>981,461</b>
<b>Operating Income (Loss)</b>	<b>(780,905)</b>	<b>1,847,337</b>	<b>-</b>	<b>889,757</b>	<b>1,956,189</b>
<b>Non-Operating Revenues (Expenses)</b>					
Interest income	139	-	3,436	16,261	19,836
Interest expense	(6,485)	-	-	(221,898)	(228,383)
<b>Total Non-Operating Revenue (Expenses)</b>	<b>(6,346)</b>	<b>-</b>	<b>3,436</b>	<b>(205,637)</b>	<b>(208,547)</b>
<b>Income (loss) before transfers</b>	<b>(787,251)</b>	<b>1,847,337</b>	<b>3,436</b>	<b>684,120</b>	<b>1,747,642</b>
Transfers in (out)	10,817,843	(1,700,000)	41,104	(9,163,447)	(4,500)
<b>Change in Net Position</b>	<b>10,030,592</b>	<b>147,337</b>	<b>44,540</b>	<b>(8,479,327)</b>	<b>1,743,142</b>
<b>Total Net Position, Beginning</b>	<b>2,376,338</b>	<b>300,007</b>	<b>434,840</b>	<b>1,641,602</b>	<b>4,752,787</b>
<b>Total Net Position, Ending</b>	<b>\$12,406,930</b>	<b>\$ 447,344</b>	<b>\$ 479,380</b>	<b>\$ (6,837,725)</b>	<b>\$ 6,495,929</b>

**CITY OF BRANDENBURG, KENTUCKY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Waste & Wastewater Fund	Revenue Fund	Sewer Line Extension Fund	Non-Major Proprietary Funds	Total Proprietary Funds
<b>Cash Flows from Operating Activities</b>					
Cash received from customers and others	\$ 124,840	\$ 1,866,135	\$ -	\$ -	\$ 1,990,975
Cash payments to suppliers for goods and services	910,697	(2,908)	-	-	907,789
Cash payments to employees	(227,637)	-	-	-	(227,637)
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>807,900</b>	<b>1,863,227</b>	<b>-</b>	<b>-</b>	<b>2,671,127</b>
<b>Cash Flows from Non-Capital and Related Financing Activities</b>					
Transfers in(out)	10,817,843	(1,700,000)	41,104	(9,163,447)	(4,500)
Grant Proceeds	-	-	-	277,000	277,000
<b>Net Cash (Used in) Provided by Capital and Related Financing Activities</b>	<b>10,817,843</b>	<b>(1,700,000)</b>	<b>41,104</b>	<b>(8,886,447)</b>	<b>(4,500)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Capital expenditures	(11,562,032)	-	(38,084)	8,912,741	(2,687,375)
Due to and due froms	-	-	-	-	-
Proceeds from issuance of debt	-	-	-	-	-
Principal, interest, and related fees paid on long-term debt	(50,896)	-	-	141,661 (221,858)	(272,754)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(11,612,928)</b>	<b>-</b>	<b>(38,084)</b>	<b>8,832,544</b>	<b>(2,960,129)</b>
<b>Cash Flows from Investing Activities</b>					
Cash received from interest income	139	(567)	3,436	16,261	19,269
<b>Net Cash Provided by Investing Activities</b>	<b>139</b>	<b>(567)</b>	<b>3,436</b>	<b>16,261</b>	<b>19,269</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>12,954</b>	<b>162,660</b>	<b>6,456</b>	<b>(37,642)</b>	<b>144,428</b>
<b>Cash and Cash Equivalents at July 1, 2023</b>	<b>37,878</b>	<b>47,480</b>	<b>234,633</b>	<b>827,970</b>	<b>1,147,961</b>
<b>Cash and Cash Equivalents at June 30, 2024</b>	<b>\$ 50,832</b>	<b>\$ 210,140</b>	<b>\$ 241,089</b>	<b>\$ 790,328</b>	<b>\$ 1,292,389</b>
(1) Cash and cash equivalents are reflected in the Statement of Net Position as follows:					
Cash and cash equivalents	\$ 50,832	\$ 210,140	\$ 241,089	\$ -	\$ 502,061
Restricted cash	-	-	-	790,328	790,328
<b>Subtotal</b>	<b>\$ 50,832</b>	<b>\$ 210,140</b>	<b>\$ 241,089</b>	<b>\$ 790,328</b>	<b>\$ 1,292,389</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>					
<b>Operating Income (Loss)</b>	<b>\$ (780,905)</b>	<b>\$ 1,847,337</b>	<b>\$ -</b>	<b>\$ 889,757</b>	<b>\$ 1,956,189</b>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	326,442	-	-	-	326,442
Bad Debt Expense	-	8,789	-	-	8,789
Changes in assets and liabilities:					
(Increase) decrease in other accounts receivable	-	(5,967)	-	-	(5,967)
(Increase) decrease in inventory	7,392	-	-	-	7,392
(Increase) decrease in outflows of resources	128,085	-	-	-	128,085
Increase (decrease) in accounts payable	(16,942)	-	-	-	(16,942)
Increase (decrease) in accrued expenses	221	-	-	-	221
Increase (decrease) in net pension liability	(442,647)	-	-	-	(442,647)
Increase (decrease) in net OPEB liability	(249,687)	-	-	-	-
Increase (decrease) in inflows of resources	14,547	-	-	-	14,547
Total adjustments	<b>(232,589)</b>	<b>2,822</b>	<b>-</b>	<b>-</b>	<b>(229,767)</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ (1,013,494)</b>	<b>\$ 1,850,159</b>	<b>\$ -</b>	<b>\$ 889,757</b>	<b>\$ 1,726,422</b>

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

**CITY OF BRANDENBURG, KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2024**

**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.



**CITY OF BRANDENBURG, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

**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.

**CITY OF BRANDENBURG, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

**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 2024, the original budget was approved in May 2023 and amended May 2024. 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.

**CITY OF BRANDENBURG, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

**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 2024 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 20.00 cents per one hundred dollars of assessed value. The rate for auto and boats was 27.39 cents and other tangible property was 27.39 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.

**CITY OF BRANDENBURG, KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
JUNE 30, 2024**

**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:

<u>Description</u>	<u>Estimated Lives</u>
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.

**CITY OF BRANDENBURG, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

**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.

**CITY OF BRANDENBURG, KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
JUNE 30, 2024**

**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, 2024, 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 \$2,228,091 and the bank balances totaled \$2,237,640. At June 30, 2024, \$3,973,154 of collateral was pledged to the City by the custodial bank and \$653,505 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, 2024, 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:

	<b>General</b>	<b>Water and Waste Water</b>	<b>Total</b>
Accounts receivables			
Customers	\$ -	\$ 930,358	\$ 930,358
Interest	304	34	338
Other	165,294	-	165,294
Gross receivables	<u>165,598</u>	<u>930,392</u>	<u>1,095,990</u>
Less allowance for bad debt	-	16,412	16,412
<b>Net total receivables</b>	<b><u>\$ 165,598</u></b>	<b><u>\$ 913,980</u></b>	<b><u>\$ 1,079,578</u></b>

**CITY OF BRANDENBURG, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

**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, 2024 were as follows:

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

**NOTE 5 – SUMMARY OF CHANGES IN CAPITAL ASSETS**

Capital assets for the governmental activities during the year ended June 30, 2024 are as follows:

<b>Governmental Activities</b>	<b>Beginning Balance 7/1/2023</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 6/30/2024</b>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 90,463	\$ -	\$ -	\$ 90,463
Construction in progress	824,673	641,968	957,981	508,660
<b>Total capital assets, not being depreciated:</b>	<b>915,136</b>	<b>641,968</b>	<b>957,981</b>	<b>599,123</b>
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	887,754	22,500	-	910,254
Machinery and equipment	579,979	36,425	27,065	589,339
Vehicles	700,332	119,607	41,276	778,663
Right of use asset	-	2,745	-	2,745
Infrastructure	1,275,121	1,080,492	-	2,355,613
<b>Total capital assets, being depreciated:</b>	<b>3,443,186</b>	<b>1,261,769</b>	<b>68,341</b>	<b>4,636,614</b>
<b>Less accumulated depreciation for:</b>				
Right of use asset	-	548	-	548
Depreciation expense	2,260,430	192,590	65,811	2,387,209
<b>Total accumulated depreciation:</b>	<b>2,260,430</b>	<b>193,138</b>	<b>65,811</b>	<b>2,387,757</b>
<b>Total capital assets, being depreciated, net:</b>	<b>1,182,756</b>			<b>2,248,857</b>
<b>Government activities capital assets, net:</b>	<b>\$ 2,097,892</b>			<b>\$ 2,847,980</b>

**CITY OF BRANDENBURG, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

**NOTE 5 – SUMMARY OF CHANGES IN CAPITAL ASSETS – CONTINUED**

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

	<u>2024</u>
General	\$ 19,233
Public Safety	54,262
Street	99,452
Parks	20,191
<b>Total</b>	<b><u>\$ 193,138</u></b>

Capital assets for the business-type activities during the year ended June 30, 2024 are as follows:

<u>Business-Type Activities</u>	<u>Beginning Balance 7/1/2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance 6/30/2024</u>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 85,100	\$ -	\$ -	\$ 85,100
Construction in progress	9,778,174	597,231	9,535,947	839,458
<b>Total capital assets, not being depreciated:</b>	<b><u>9,863,274</u></b>	<b><u>597,231</u></b>	<b><u>9,535,947</u></b>	<b><u>924,558</u></b>
<b>Capital assets, being depreciated:</b>				
Equipment	334,444	-	-	334,444
Vehicles	146,699	-	23,694	123,005
Water and Sewer System	13,030,522	9,718,579	42,523	22,706,578
<b>Total capital assets, being depreciated:</b>	<b><u>13,511,665</u></b>	<b><u>9,718,579</u></b>	<b><u>66,217</u></b>	<b><u>23,164,027</u></b>
<b>Less accumulated depreciation for:</b>				
Accumulated Decreciation	9,449,920	326,442	66,218	9,710,144
<b>Total accumulated depreciation:</b>	<b><u>9,449,920</u></b>	<b><u>326,442</u></b>	<b><u>66,218</u></b>	<b><u>9,710,144</u></b>
<b>Total capital assets, being depreciated, net:</b>	<b><u>4,061,745</u></b>			<b><u>13,453,883</u></b>
<b>Business-type activities capital assets, net:</b>	<b><u>\$ 13,925,019</u></b>			<b><u>\$ 14,378,441</u></b>

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

	<u>2024</u>
Sewer	\$ 166,485
Water	159,957
<b>Total</b>	<b><u>\$ 326,442</u></b>



**CITY OF BRANDENBURG, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

**NOTE 6 – LONG-TERM DEBT**

The following is a summary of long-term debt of the City for the year ended June 30, 2024:

	<u>Balance 7/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2024</u>	<u>Due Within One Year</u>
<b>Governmental-type</b>					
Notes Payable	\$ 158,810	\$ 70,872	\$ 43,954	\$ 185,728	\$ 49,651
Capital Lease	-	2,205	-	2,205	2,205
Net Pension Liability	1,457,247	386,873	-	1,844,120	-
Net OPEB Liability	403,972	-	352,195	51,777	-
<b>Business-type</b>					
Notes Payable	812,115	559,147	87,731	1,283,531	1,022,548
Capital Lease	8,255,833	-	374,166	7,881,667	540,798
Net Pension Liability	955,206	-	442,647	512,559	-
Net OPEB Liability	260,716	-	271,745	(11,029)	-
<b>Total</b>	<b><u>\$ 12,303,899</u></b>	<b><u>\$ 1,019,097</u></b>	<b><u>\$ 1,572,438</u></b>	<b><u>\$ 11,750,558</u></b>	<b><u>\$ 1,615,202</u></b>

**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, 2024, the City had a balance of \$306,250 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, 2024 for the payment of loan principal and interest are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Annual Requirements</u>
2025	\$ 45,267	\$ 5,630	\$ 50,897
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
2030-2031	70,721	1,931	72,652
<b>Total</b>	<b><u>\$ 306,250</u></b>	<b><u>\$ 20,887</u></b>	<b><u>\$ 327,137</u></b>

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, 2024, the City had a balance of \$34,041 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, 2024 for the payment of loan principal and interest are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Annual Requirements</u>
2025	\$ 11,348	\$ 864	\$ 12,212
2026	11,692	520	\$12,212
2027	11,002	166	\$11,168
<b>Total</b>	<b><u>\$ 34,041</u></b>	<b><u>\$ 1,550</u></b>	<b><u>\$ 35,591</u></b>

**CITY OF BRANDENBURG, KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
JUNE 30, 2024**

**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, 2024, the City had a balance of \$58,954 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, 2024 for the payment of loan principal and interest are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Annual Requirements</b>
2025	\$ 14,736	\$ 1,562	\$ 16,298
2026	15,183	1,115	16,298
2027	15,643	655	16,298
2028	13,392	184	13,587
<b>Total</b>	<b>\$ 58,954</b>	<b>\$ 3,516</b>	<b>\$ 48,894</b>

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, 2024, the City had a balance of \$30,780 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. The minimum obligations of the City at June 30, 2024 for the payment of loan principal and interest are as follows:

<b>Fiscal Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Annual Requirements</b>
2025	\$ 9,958	\$ 785	\$ 10,743
2026	10,260	483	10,743
2027	10,562	172	10,734
<b>Total</b>	<b>\$ 30,780</b>	<b>\$ 1,440</b>	<b>\$ 32,220</b>

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, 2024, the City had a balance of \$61,954 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. The minimum obligations of the City at June 30, 2024 for the payment of loan principal and interest are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Annual Requirements</b>
2025	\$ 13,609	\$ 1,669	\$ 15,278
2026	14,021	1,256	15,277
2027	14,447	831	15,278
2028	14,844	393	15,237
2029	5,033	32	5,065
<b>Total</b>	<b>\$ 61,954</b>	<b>\$ 4,181</b>	<b>\$ 66,135</b>

**CITY OF BRANDENBURG, KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
JUNE 30, 2024**

**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, 2024, the City had a balance of \$977,281. The line of credit bears an interest rate of 5.790% with interest payments due starting September 15, 2022 and every 3<sup>rd</sup> 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, 2024, the City had a balance of \$2,205 on the lease.

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, 2024, the City had a balance of \$7,881,667 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, 2024 for the payment of lease principal and interest are as follows:

2025	\$	540,798
2026		540,240
2027		542,456
2028		544,453
2029		544,178
2030-2034		2,727,906
2035-2039		2,767,140
2040-2042		1,213,385
Total minimum lease payments		9,420,556
Less amount representing interest		1,538,889
<b>Present value of minimum lease payments</b>	<b>\$</b>	<b>7,881,667</b>

**NOTE 7 – RETIREMENT PLAN**

The City is a participating employer of the County Employees' Retirement System (CERS). Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Retirement Systems administers the CERS. The plan issues publicly available financial statements which may be downloaded from the Kentucky Retirement Systems website.

*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.

**CITY OF BRANDENBURG, KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
JUNE 30, 2024**

**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, 2024, participating employers contributed 23.34% (non-hazardous) and 43.69% (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, 2024 the contributions for hazardous and non-hazardous positions were \$137,665 and \$126,742, 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 Unreduced retirement Reduced retirement	Before September 1, 2008 27 years of service or 65 years old At least 5 years of service and 55 years old At least 25 years of service and any age
Tier 2	Participation date Unreduced retirement  Reduced retirement	September 1, 2008 – December 31, 2013 At least 5 years of service and 65 years or age 57+ sum of service years plus age equal 87 At least 10 years of service and 60 years old
Tier 3	Participation date Unreduced retirement  Reduced retirement	After December 31, 2013 At least 5 years of service and 65 years old or age 57+ and sum of service years plus age equal 87 Not available

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' 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.

**CITY OF BRANDENBURG, KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
JUNE 30, 2024**

**NOTE 7 – RETIREMENT PLAN – CONTINUED**

*Pension Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* – At June 30, 2024 the City reported a liability of \$2,356,679 and for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 and rolled forward 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, 2023, was .016996 percent for non-hazardous and .046964 percent for hazardous. For the year ended June 30, 2024, the City recognized pension expenses of \$314,688.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual results	\$ 114,338	\$ 2,963
Changes of assumptions	-	198,831
Net difference between projected and actual earnings on plan investments	-	27,577
Changes in proportion and differences between employer contribution and proportionate share of contribution	802,627	243,807
City contributions subsequent to the measurement date	264,407	-
<b>Total</b>	<b>\$ 1,181,372</b>	<b>\$ 473,178</b>

The \$264,407 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 year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<b>Year ending June 30,</b>	
2024	\$ 73,965
2025	197,105
2026	178,048
2027	(5,329)
2028	-
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, 2023, were based on an actuarial valuation date of June 30, 2022, and was performed by Gabriel Roeder Smith (GRS). The total pension liability was rolled-forward from the valuation date (June 30, 2022) to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles.

**CITY OF BRANDENBURG, KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
JUNE 30, 2024**

**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, 2024:

**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%
Amortization period	30-year closed period at June 30, 2019

**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%
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 2010. 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 pension liability was rolled forward from the valuation date to the plan's fiscal year ending June 30, 2023. 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.

For the year end June 30, 2023 the target allocation and best estimates of nominal real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
<b>Equity</b>		
US Equity	50.00%	5.90%
Non-US Equity	10.00%	11.73%
<b>Fixed Income</b>		
Core Bonds	10.00%	2.45%
Specialty Credit/High Yield	10.00%	3.65%
Cash	0.00%	1.39%
<b>Inflation Protected</b>		
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
<b>Expected Real Return</b>		<u><b>5.75%</b></u>
<b>Long Term Nominal Return for Portfolio</b>		<u><b>2.50%</b></u>
<b>Expected Nominal Return for Portfolio</b>		<b>8.25%</b>

**CITY OF BRANDENBURG, KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
JUNE 30, 2024**

**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:

	<b>Discount Rate</b>		<b>City's Proportionate Share of Net Pension Liability</b>
1% Decrease	5.50%	\$	2,975,675
Current discount rate	6.50%	\$	2,356,679
1% Increase	7.50%	\$	1,847,014

*Payable to the Pension Plan* – At June 30, 2024, the City reported a payable of \$26,770 for the outstanding amount of contributions to the pension and OPEB plans.

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

*Plan Description* – Employees of the City are provided hospital and medical insurance through the Kentucky Retirement Systems' Insurance Fund (Insurance Fund), a cost-sharing multiple-employer defined benefit OPEB plan. The KRS was created by state statute under the Kentucky revised Statue Section 61.645. The KRS board of Trustees is responsible for the proper operation and administration of the KRS. The KRS issues a publicly available financial report that can be obtained by writing to Kentucky Retirement System, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (502) 564-4646.

*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 KRS Board of Trustees. For the years ended June 30, 2023, participating employers contributed 0% (non-hazardous) and 2.58% and (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, 2024 the contributions for hazardous and non-hazardous positions were \$8,640 and \$0, respectively.

**CITY OF BRANDENBURG, KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
JUNE 30, 2024**

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

*OPEB Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources* – At June 30, 2024 the City reported a liability \$40,748 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022 and rolled forward 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, 2023, was .016996 percent for non-hazardous and .046932 percent for hazardous. For the year ended June 30, 2024, the City recognized OPEB expenses of \$(31,853), with an implicit subsidy of \$7,068. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual results	\$ 22,167	\$ 597,925
Changes of assumptions	90,024	99,122
Net difference between projected and actual earnings on plan investments	-	14,290
Changes in proportion and differences between employer contribution and proportionate share of contribution	287,925	115,110
City's contributions subsequent to the measurement date	8,640	-
<b>Total</b>	<b>\$ 408,756</b>	<b>\$ 826,447</b>

The \$8,640 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:

<b>Year ending June 30,</b>	
2024	\$ (96,877)
2025	(125,319)
2026	(88,168)
2027	(86,348)
2028	(29,620)
Thereafter	-

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



**CITY OF BRANDENBURG, KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
JUNE 30, 2024**

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

**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 6.30% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post - 65	Initial trend starting at 6.30% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

**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 6.30% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post - 65	Initial trend starting at 6.30% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

**CITY OF BRANDENBURG, KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
JUNE 30, 2024**

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

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 2010. 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 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
<b>Equity</b>		
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
<b>Fixed Income</b>		
Core Fixed Income	10.00%	2.45%
Specialty Credit	10.00%	3.65%
Cash	0.00%	1.39%
<b>Inflation Protected</b>		
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
<b>Expected Real Return</b>	<b>100.00%</b>	<b>5.75%</b>
<b>Long Term Nominal Return for Portfolio</b>		<b>2.50%</b>
<b>Expected Nominal Return for Portfolio</b>		<b>8.25%</b>

*Discount Rate* – The discount rate used to measure the total OPEB liability was 5.93% for non-hazardous classifications, and 5.97% 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 3.86%, as reported in Fidelity Index’s “20- Year Municipal GO AA Index” as of June 30, 2023. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, 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.

**CITY OF BRANDENBURG, KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
JUNE 30, 2024**

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

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate for June 30, 2024*

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 (4.93%) or one percentage point higher (6.93%) follows:

	<b>Discount Rate</b>		<b>City's Proportionate Share of Net OPEB Liability</b>
1% Decrease	4.93%	\$	44,036
Current discount rate	5.93%	\$	(23,466)
1% Increase	6.93%	\$	(79,991)

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 (4.97%) or one percentage point higher (6.97%) follows:

	<b>Discount Rate</b>		<b>City's Proportionate Share of Net OPEB Liability</b>
1% Decrease	4.97%	\$	162,398
Current discount rate	5.97%	\$	64,214
1% Increase	6.97%	\$	(17,600)

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates for June 30, 2024*

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 (4.93%) or one percentage point higher (6.93%) than current healthcare cost trend rates follows:

<b>City's Net OPEB Liability Healthcare Cost</b>		
Trend Rate -1%	Trend Rate	Trend Rate +1%
4.93%	5.93%	6.93%
<b>\$ (75,212)</b>	<b>\$ (23,466)</b>	<b>\$ 40,100</b>

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 (4.97%) or one percentage point higher (6.97%) than current healthcare cost trend rates follows:

<b>City's Net OPEB Liability Healthcare Cost</b>		
Trend Rate -1%	Trend Rate	Trend Rate +1%
4.97%	5.97%	6.97%
<b>\$ 732</b>	<b>\$ 64,214</b>	<b>\$ 140,882</b>

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

**CITY OF BRANDENBURG, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

**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, 2024, the City was sufficiently insured.

**NOTE 11 – DATE OF MANAGEMENT'S REVIEW**

Subsequent events were evaluated through February 7, 2025, 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, 2024**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 1,380,000	\$ 1,380,000	\$ 1,241,223	\$ (138,777)
Franchise Fees	-	-	25,618	25,618
Licenses and Permits	70,000	70,000	39,205	(30,795)
Rental Income	-	-	28,663	28,663
Intergovernmental Revenue	-	-	649,497	649,497
Service charges and fees	-	-	-	-
Other	186,300	186,300	122,331	(63,969)
<b>Total Revenues</b>	<b>1,636,300</b>	<b>1,636,300</b>	<b>2,106,537</b>	<b>470,237</b>
<b>Expenditures</b>				
General Government	862,500	862,500	816,961	45,539
Public Safety	691,500	691,500	659,784	31,716
Streets	-	-	354,867	(354,867)
Sanitation	1,200	1,200	10,378	(9,178)
Parks and Recreation	45,000	45,000	73,866	(28,866)
Community Projects	40,000	40,000	44,628	(4,628)
Debt Service	65,000	65,000	49,853	15,147
Capital Purchases	70,000	70,000	945,756	(875,756)
<b>Total Expenditures</b>	<b>1,775,200</b>	<b>1,775,200</b>	<b>2,956,093</b>	<b>(1,180,893)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(138,900)</b>	<b>(138,900)</b>	<b>(849,556)</b>	<b>(710,656)</b>
<b>Other Financing Sources (uses)</b>				
Loan proceeds	-	-	70,872	70,872
Transfers in (out)	-	-	372,225	372,225
<b>Net other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>443,097</b>	<b>443,097</b>
<b>Net Change in Fund Balance</b>	<b>(138,900)</b>	<b>(138,900)</b>	<b>(406,459)</b>	<b>(267,559)</b>
<b>Fund Balance, Beginning</b>	<b>1,145,815</b>	<b>1,237,857</b>	<b>1,237,857</b>	<b>1,237,857</b>
<b>Fund Balance, Ending</b>	<b>\$ 1,006,915</b>	<b>\$ 1,098,957</b>	<b>\$ 831,398</b>	<b>\$ 970,298</b>

**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**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>NON-HAZARDOUS</b>										
City's proportion of the net pension liability (asset)	0.02282%	0.022583%	0.022488%	0.023504%	0.026630%	0.023138%	0.023959%	0.025653%	0.019150%	0.016996%
City's proportionate share of the net pension liability (asset)	\$ 740,000	\$ 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
City's covered-employee payroll	\$ 523,526	\$ 528,816	\$ 514,404	\$ 572,265	\$ 586,677	\$ 593,306	\$ 655,866	\$ 529,529	\$ 493,358	\$ 543,026
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	141.35%	183.61%	215.24%	240.41%	245.65%	274.28%	280.18%	308.87%	280.60%	200.83%
Plan fiduciary net position as a percentage of the total pension liability	68.80%	59.97%	55.50%	53.32%	53.54%	50.45%	47.81%	57.33%	52.42%	57.48%
								<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>HAZARDOUS</b>										
City's proportion of the net pension liability (asset)								0.000000%	0.033692%	4.696400%
City's proportionate share of the net pension liability (asset)								\$ -	\$ 1,028,097	\$ 1,266,129
City's covered-employee payroll								\$ 219,418	\$ 329,481	\$ 334,869
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll								0.00%	312.04%	378.10%
Plan fiduciary net position as a percentage of the total pension liability								52.26%	47.11%	52.96%

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 SEVEN FISCAL YEARS**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b><u>NON-HAZARDOUS</u></b>							
City's proportion of the net OPEB liability	0.023504%	0.023663%	0.023138%	0.023952%	0.025647%	0.019146%	0.016996%
City's proportionate share of the net OPEB liability	\$ 472,511	\$ 420,114	\$ 389,070	\$ 578,368	\$ 490,999	\$ 377,849	\$ (23,466)
City's covered-employee payroll	\$ 572,265	\$ 586,677	\$ 593,306	\$ 655,866	\$ 529,529	\$ 493,358	\$ 543,026
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%
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%
					<u>2022</u>	<u>2023</u>	<u>2024</u>
<b><u>HAZARDOUS</u></b>							
City's proportion of the net OPEB liability					0.000000%	0.033675%	0.046932%
City's proportionate share of the net OPEB liability					\$ -	\$ 286,839	\$ 64,214
City's covered-employee payroll					\$ 219,418	\$ 329,481	\$ 334,869
City's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll					0.00%	87.06%	19.18%
Plan fiduciary net position as a percentage of the total OPEB liability					66.81%	64.13%	92.27%

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 SEVEN FISCAL YEARS**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b><u>NON-HAZARDOUS</u></b>							
Contractually required contribution	\$ 27,574	\$ 31,208	\$ 29,213	\$ 31,219	\$ 30,607	\$ 16,725	\$ -
Contributions in relation to the contractually required contribution	<u>27,574</u>	<u>31,208</u>	<u>29,213</u>	<u>31,219</u>	<u>30,607</u>	<u>16,725</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 572,265	\$ 586,677	\$ 593,306	\$ 655,866	\$ 529,529	\$ 493,358	\$ 543,026
Contributions as a percentage of covered-employee payroll	4.82%	5.32%	4.92%	4.76%	5.78%	3.39%	0.00%
					<u>2022</u>	<u>2023</u>	<u>2024</u>
<b><u>HAZARDOUS</u></b>							
Contractually required contribution					\$ 22,973	\$ 22,339	\$ 8,640
Contributions in relation to the contractually required contribution					<u>22,973</u>	<u>22,339</u>	<u>8,640</u>
Contribution deficiency (excess)					<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll					\$ 219,418	\$ 329,481	\$ 334,869
Contributions as a percentage of covered-employee payroll					10.47%	6.78%	2.58%

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

**CITY OF BRANDENBURG, KENTUCKY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2024**

**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 Authority'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 Authority's fiscal year payroll as reported on the Schedule of Contributions for Pension and OPEB.

**Changes of Assumptions**

*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%.

**CITY OF BRANDENBURG, KENTUCKY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED**  
**JUNE 30, 2024**

**NOTE 2 – CERS – CONTINUED**

**Changes of Assumptions – Continued**

*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.

*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.

**CITY OF BRANDENBURG, KENTUCKY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED**  
**JUNE 30, 2024**

**NOTE 2 – CERS – CONTINUED**

**Changes of Assumptions – Continued**

*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.

*June 30, 2014 – Pension – Hazardous and Nonhazardous*

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2014.

*June 30, 2013 – Pension – Hazardous and Nonhazardous*

The following assumptions were made by the Kentucky Legislature and reflected in the initial valuation performed as of June 30, 2013:

- The assumed rate of return was 7.75%.
- The assumed rate of inflation was 3.5%.
- The assumed rate of wage inflation was 1%.
- Payroll growth assumption was 4.5%.
- Mortality rates were based on the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006. The 1994 Group Annuity Mortality Table was used for all other members

**CITY OF BRANDENBURG, KENTUCKY  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2024**

	<b>American Relief Act Fund</b>	<b>Christmas by the River Fund</b>	<b>Citizens on Patrol Fund</b>	<b>LGEA Fund</b>	<b>Municipal Road Aid Fund</b>	<b>Police Forfeiture Fund</b>	<b>Health Insurance Fund</b>	<b>ABC Fund</b>	<b>Total Non-major Fund</b>
<b>Assets</b>									
Cash in bank	\$ -	\$ 2,667	\$ 5,394	\$ -	\$ -	\$ 4,008	\$ 13,255	\$ 15,353	\$ 40,677
Restricted cash	-	-	-	112,467	122,483	-	-	-	234,950
Due from other funds	-	-	-	9,152	-	-	-	-	9,152
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 2,667</b>	<b>\$ 5,394</b>	<b>\$ 121,619</b>	<b>\$ 122,483</b>	<b>\$ 4,008</b>	<b>\$ 13,255</b>	<b>\$ 15,353</b>	<b>\$ 284,779</b>
<b>Liabilities</b>									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 826	\$ 826
Due to other funds	-	-	-	-	9,055	-	-	-	9,055
Deferred grants	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,055</b>	<b>-</b>	<b>-</b>	<b>826</b>	<b>9,881</b>
<b>Fund Balance</b>									
Restricted:									
Economic assistance	-	-	-	121,619	-	-	-	-	121,619
Municipal roads	-	-	-	-	113,428	-	-	-	113,428
Assigned:									
General government	-	-	-	-	-	-	13,255	-	13,255
Community projects	-	2,667	-	-	-	-	-	-	2,667
Public safety	-	-	5,394	-	-	4,008	-	14,527	23,929
Future construction	-	-	-	-	-	-	-	-	-
<b>Total Fund Balance</b>	<b>-</b>	<b>2,667</b>	<b>5,394</b>	<b>121,619</b>	<b>113,428</b>	<b>4,008</b>	<b>13,255</b>	<b>14,527</b>	<b>274,898</b>
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,055</b>	<b>-</b>	<b>-</b>	<b>826</b>	<b>9,881</b>
<b>And Fund Balance</b>	<b>\$ -</b>	<b>\$ 2,667</b>	<b>\$ 5,394</b>	<b>\$ 121,619</b>	<b>\$ 122,483</b>	<b>\$ 4,008</b>	<b>\$ 13,255</b>	<b>\$ 15,353</b>	<b>\$ 284,779</b>

CITY OF BRANDENBURG, KENTUCKY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2024

	American Relief Act Fund	Christmas by the River Parade Fund	Citizens on Patrol Fund	LGEA Fund	Municipal Road Aid Fund	Police Forfeiture Fund	Health Insurance Fund	ABC Fund	Total Non-major Fund
<b>Revenues</b>									
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,666	\$ 3,666
Interest income	2,520	-	-	1,533	3,164	-	-	-	7,217
Intergovernmental revenues	211,311	-	-	38,917	63,239	-	-	-	313,467
Miscellaneous	-	36,890	3,375	-	-	2,792	805	11,687	55,549
<b>Total Revenues</b>	<b>213,831</b>	<b>36,890</b>	<b>3,375</b>	<b>40,450</b>	<b>66,403</b>	<b>2,792</b>	<b>805</b>	<b>15,353</b>	<b>379,899</b>
<b>Expenditures</b>									
Current:									
General government	-	-	-	-	-	-	15,895	-	15,895
Streets and highways	-	-	-	-	5,106	-	-	-	5,106
Community projects	3,110	52,318	-	-	-	-	-	-	55,428
Public safety	-	-	10,339	33,011	-	906	-	826	45,082
<b>Total Expenditures</b>	<b>3,110</b>	<b>52,318</b>	<b>10,339</b>	<b>33,011</b>	<b>5,106</b>	<b>906</b>	<b>15,895</b>	<b>826</b>	<b>121,511</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>210,721</b>	<b>(15,428)</b>	<b>(6,964)</b>	<b>7,439</b>	<b>61,297</b>	<b>1,886</b>	<b>(15,090)</b>	<b>14,527</b>	<b>258,388</b>
<b>Other Financing Sources</b>									
Transfer in	-	-	-	-	-	-	15,000	-	15,000
Transfers out	(223,789)	-	-	(36,425)	(122,511)	-	-	-	(382,725)
<b>Net Change in Fund Balance</b>	<b>(13,068)</b>	<b>(15,428)</b>	<b>(6,964)</b>	<b>(28,986)</b>	<b>(61,214)</b>	<b>1,886</b>	<b>(90)</b>	<b>14,527</b>	<b>(109,337)</b>
<b>Fund Balance - Beginning of Year</b>	<b>13,068</b>	<b>18,095</b>	<b>12,358</b>	<b>150,605</b>	<b>174,642</b>	<b>2,122</b>	<b>13,345</b>	<b>-</b>	<b>384,235</b>
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ 2,667</b>	<b>\$ 5,394</b>	<b>\$ 121,619</b>	<b>\$ 113,428</b>	<b>\$ 4,008</b>	<b>\$ 13,255</b>	<b>\$ 14,527</b>	<b>\$ 274,898</b>

CITY OF BRANDENBURG, KENTUCKY  
 COMBINING STATEMENT OF NET POSITION - NON-MAJOR PROPRIETARY FUNDS  
 JUNE 30, 2024

	Waste Water Construction Fund	Depreciation Fund	Bond And Interest Fund	Water Plant Upgrades Fund	Total Non-major Funds
<b>Assets</b>					
<b>Non-Current Assets</b>					
Restricted cash	\$ 114,234	\$ 370,324	\$ 305,770	\$ -	\$ 790,328
Accounts receivable	-			676,776	676,776
Construction in progress	-	-	-	559,147	559,147
<b>Total Assets</b>	<b>\$ 114,234</b>	<b>\$ 370,324</b>	<b>\$ 305,770</b>	<b>\$ 1,235,923</b>	<b>\$ 2,026,251</b>
<b>Liabilities</b>					
<b>Non-Current Assets</b>					
Due to other funds	\$ -	\$ 5,028	\$ -	\$ -	\$ 5,028
Line of credit	418,134	-	-	559,147	977,281
Capital leases	7,881,667	-	-	-	7,881,667
<b>Total Liabilities</b>	<b>8,299,801</b>	<b>5,028</b>	<b>-</b>	<b>559,147</b>	<b>8,863,976</b>
<b>Net Position</b>					
Net investment in capital assets	-	-	-	559,147	559,147
Restricted:	-	-	-	-	-
Future Construction	114,234	370,324	-	-	484,558
Debt service	-	-	305,770	-	305,770
Unrestricted	(8,299,801)	(5,028)	-	117,629	(8,187,200)
<b>Total Net Position</b>	<b>(8,185,567)</b>	<b>365,296</b>	<b>305,770</b>	<b>676,776</b>	<b>(6,837,725)</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 114,234</b>	<b>\$ 370,324</b>	<b>\$ 305,770</b>	<b>\$ 1,235,923</b>	<b>\$ 2,026,251</b>

**CITY OF BRANDENBURG, KENTUCKY  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
 NET POSITION - NON-MAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Waste Water Construction Fund</b>	<b>Depreciation Fund</b>	<b>Bond And Interest Fund</b>	<b>Water Plant Upgrades Fund</b>	<b>Total Non-major Funds</b>
<b>Revenues</b>					
Interest income	\$ 5,462	\$ 6,327	\$ 4,472	\$ -	\$ 16,261
Intergovernmental revenues	277,000	-	-	676,776	953,776
Miscellaneous	-	-	-	-	-
<b>Total Revenues</b>	<b>282,462</b>	<b>6,327</b>	<b>4,472</b>	<b>676,776</b>	<b>970,037</b>
<b>Expenses</b>					
Interest expense	187,588	-	34,310	-	221,898
Miscellaneous expense	-	-	64,019	-	64,019
<b>Total Expenses</b>	<b>187,588</b>	<b>-</b>	<b>98,329</b>	<b>-</b>	<b>285,917</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>94,874</b>	<b>6,327</b>	<b>(93,857)</b>	<b>676,776</b>	<b>684,120</b>
<b>Other Financing Sources</b>					
Transfers in	380,000	40,000	60,000	-	480,000
Transfers out	(9,511,027)	(132,420)	-	-	(9,643,447)
<b>Changes in Net Position</b>	<b>(9,036,153)</b>	<b>(86,093)</b>	<b>(33,857)</b>	<b>676,776</b>	<b>(8,479,327)</b>
<b>Net Position - Beginning of Year</b>	<b>850,586</b>	<b>451,389</b>	<b>339,627</b>	<b>-</b>	<b>1,641,602</b>
<b>Net Position - End of Year</b>	<b>\$ (8,185,567)</b>	<b>\$ 365,296</b>	<b>\$ 305,770</b>	<b>\$ 676,776</b>	<b>\$ (6,837,725)</b>



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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 Honorable 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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 7, 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 did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***SK LEE CPAs, P.S.C.***

Berea, Kentucky  
February 7, 2025

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

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

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

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

We have audited the City of Brandenburg's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City of Brandenburg's (hereinafter called the "City") major federal program for the year ended June 30, 2024. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Other Matters**

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which would be described in the accompanying schedule of findings and questioned costs. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit 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 compliance and, accordingly, we express no opinion on the response.

#### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

***SK LEE CPAS, P.S.C.***

Berea, Kentucky  
February 7, 2025

**CITY OF BRANDENBURG, KENTUCKY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>		
American Rescue Plan Act	21.027	\$ 211,311
American Rescue Plan Act	21.027	676,776
<b>Total</b>		<b>\$ 888,087</b>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**NOTE A – BASIS OF PRESENTATION**

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

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CITY OF BRANDENBURG, KENTUCKY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2024**

**SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the City of Brandenburg were prepared in accordance with GAAP.
2. A material weakness is reported in the 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*.
3. No instances of non-compliance material to the financial statements of the City of Brandenburg were disclosed during the audit.
4. No material weaknesses in internal control over the major federal award program was reported.
5. The auditor's report on compliance for the major federal award program for the City of Brandenburg expresses an unmodified opinion on the major federal program.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516 9(a) are reported in this Schedule.
7. The program tested as a major program included:

<u>Program</u>	<u>C.F.D.A./ Agency Number</u>
American Rescue Plan Act	21.027

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The City of Brandenburg was determined to not be a low-risk auditee.

**CITY OF BRANDENBURG, KENTUCKY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2024**

**MATERIAL WEAKNESS**

2024-001 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.

**CITY OF BRANDENBURG, KENTUCKY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2024**

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

None.



**CITY OF BRANDENBURG, KENTUCKY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2024**

**MATERIAL WEAKNESS**

2023-001 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.