



# CITY OF ERLANGER, KENTUCKY

Annual Comprehensive Financial Report  
Year Ended, June 30, 2025

**CITY OF ERLANGER, KENTUCKY**  
**ANNUAL COMPREHENSIVE**  
**FINANCIAL REPORT**  
**For the Year Ended June 30, 2025**

**Prepared by:**

**Finance Department**  
**City of Erlanger, Kentucky**

**CITY OF ERLANGER, KENTUCKY**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Year Ended June 30, 2025**

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## INTRODUCTORY SECTION



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505 Commonwealth Avenue Erlanger, KY 859-727-2525

December 2, 2025

Members of the City Council  
and Citizens of Erlanger, Kentucky

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Erlanger for the fiscal year ended June 30, 2025.

Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Erlanger has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of Erlanger's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Erlanger's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Erlanger's basic financial statements have been audited by Chamberlin Owen Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City of Erlanger for the fiscal year ended June 30, 2025 are free of material misstatement. The independent audit involved examining, on test basis evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent accountant concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Erlanger's financial statements for the fiscal year ended June 30, 2025 are fairly presented in conformity with GAAP. The independent accountant's report is presented as the first component of the financial section of this report.

GAAP requires management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent accountant.

## **PROFILE OF THE GOVERNMENT**

Erlanger was incorporated in 1897 and is located in the northern part of the state. This region ranks as one of the top growth areas in Kentucky. The City of Erlanger is located in Kenton County, Kentucky, approximately 10 miles south of downtown Cincinnati, Ohio. Encompassing roughly 8 square miles, Erlanger is one of the largest cities in Northern Kentucky and serves as a key residential

and commercial hub within the Greater Cincinnati metropolitan area. The City is strategically positioned along the I-75/I-71 corridor and adjacent to the Cincinnati/Northern Kentucky International Airport (CVG), providing excellent access to regional transportation networks, employment centers, and business opportunities.

The City currently encompasses approximately 8.48 square miles and has a population of approximately 19,000 residents. with a balanced mix of families, young professionals, and retirees Erlanger is the third largest city in Kenton County and fourth largest in the three county Northern Kentucky region.

Geographically, Erlanger is located at the juncture of I-71/75 and I-275 and only minutes from the Cincinnati-Northern Kentucky International Airport. The City is bisected by Dixie Highway, US 25/42. Rail service is provided by the Norfolk-Southern Railroad, which has been a significant factor throughout Erlanger's history. Thus, Erlanger is at the center point of a complex of surface, rail and air transportation systems that connect the City to the region, the nation and the world.

Erlanger operates under a mayor-council form of government. Policy making and legislative authority are vested in the Mayor and a nine member City Council. The Mayor and Council are responsible for, among other things, passing ordinances and resolutions, adopting the budget, appointing committees and hiring all City employees. The City Administrator is responsible for carrying out the policies and ordinances of the Mayor and Council and for overseeing the daily operations of the City. The Mayor and Council are elected on a non-partisan basis. The Mayor is elected to a four-year term, while the City Council is elected to a two-year term. All of the City's officials are elected at large.

The annual budget serves as the foundation for the City of Erlanger's financial planning and control. All departments of the City of Erlanger are required to submit requests for appropriation to the City Administrator. The City Administrator uses these requests as a starting point for developing a proposed budget. The City Administrator and Finance Director presents this proposed budget to the Mayor for review. Mayor and City Administrator then present the budget to the City Council for review. Then, Mayor, City Council and City Staff hold a budget work session. The final budget is adopted by July 1. The appropriated budget is prepared by fund and department. Expenditures may not legally exceed budgeted appropriations at the department level. Any revisions to the budget that would alter total revenues and department expenditures of any fund must be approved by the City Council.

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of controls should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The City of Erlanger's financial condition continues to reflect the combined influence of regional economic trends, disciplined fiscal management, and strategic investment in community priorities. Erlanger benefits from its prime location within the Cincinnati metropolitan region and its proximity to CVG Airport, a global logistics hub. Major employers such as Toyota Boshoku America, Wild Flavors, Atlas Air, St. Elizabeth Healthcare and Coca Cola Bottling Co support a stable employment base and a diversified local economy.

Property values continue to show gradual growth, supported by both new residential and mixed-use developments, including projects like the Riggs Avenue and Erlanger Road condominium

development, which expands housing diversity. Despite higher interest rates and construction costs that have slowed new housing starts, the City's property tax base remains stable and reliable.

Erlanger's revenue mix is comprised of property, payroll, and insurance premium taxes, along with service and license fees, provides balanced financial support for city operations. Payroll tax revenue, linked to employment trends, continues to reflect the strength of the regional labor market. Inflationary pressures and rising operating costs, particularly in personnel, benefits, and materials, remain challenges, but conservative budgeting and careful expenditure control have allowed the City to maintain core service levels.

Population trends have remained stable, with modest growth and an aging demographic that influences service delivery in areas such as public safety and recreation. The City continues to invest in infrastructure through its Capital Improvement Program, focusing on street repair, public safety equipment and facility upgrades. Leveraging state and federal grants has helped offset local costs and sustain momentum on key projects.

Overall, the City's financial position remains strong, supported by healthy fund balances, prudent fiscal policies, and a commitment to long-term sustainability.

## **LONG-TERM FINANCIAL PLANNING**

Erlanger's long-term financial outlook remains stable and resilient. The City's strategic planning framework emphasizes maintaining structurally balanced budgets and adequate reserve levels.

To safeguard against unforeseen economic or operational disruptions, the City maintains a Resilience Fund of at least \$5 million and an Emergency Reserve Fund, while upholding a General Fund balance target of 30% of annual expenditures. These policies demonstrate Erlanger's continued dedication to fiscal responsibility and service continuity.

During FY 2025, the City disbursed \$466,419 through the EDGE (Erlanger Development Growth and Employment) Incentive Program, which promotes business expansion, job creation, and reinvestment by offering performance-based occupational tax reimbursements. (See Note M in the notes to the financial statements.) This initiative continues to support private investment, increase property values, and strengthen Erlanger's long-term economic base.

The City's Economic Development Department will continue to collaborate with regional partners such as the Northern Kentucky Area Development District, Be NKY Growth Partnership and private sector stakeholders to encourage redevelopment of underutilized sites and attract high-quality investment aligned with community goals.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Erlanger for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2024. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the General Government Department. Credit also must be given to the Mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Erlanger finances.

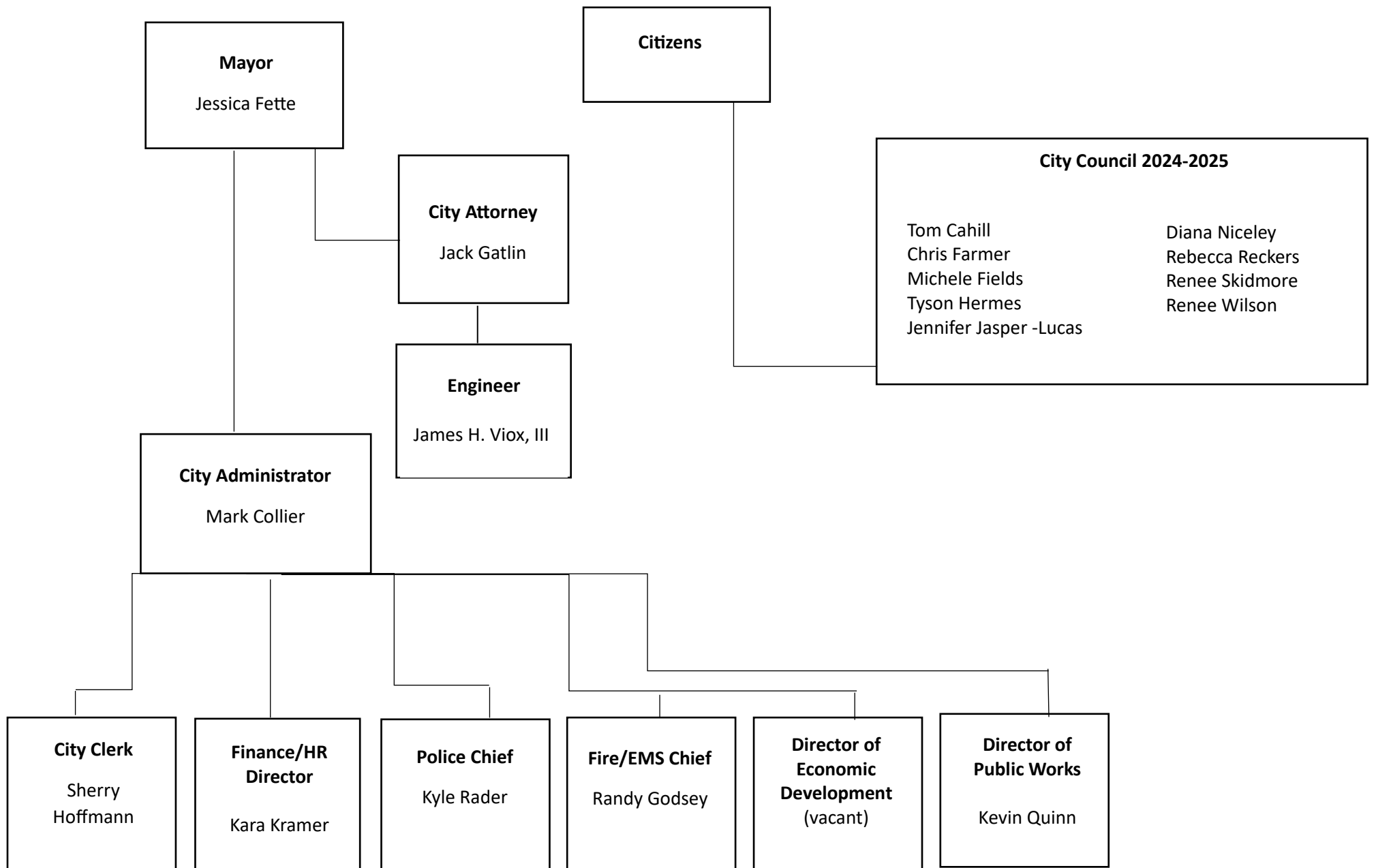
Respectfully submitted,

*Mark Collier*

Mark Collier  
City Administrator

*Kara Kramer*

Kara Kramer  
Finance Director



**CITY OF ERLANGER, KENTUCKY**  
**LIST OF PRINCIPAL OFFICIALS**

**MAYOR**

Jessica Fette

**MEMBERS OF CITY COUNCIL**

Tom Cahill

Chris Farmer

Michele Fields

Tyson Hermes

Jennifer Jasper-Lucas

Diana Niceley

Rebecca Reckers

Renee Skidmore

Renee Wilson

**CITY STAFF**

Mark Collier

City Administrator

Kara Kramer

Finance/ HR Director

Sherry Hoffman

City Clerk

(vacant)

Economic Development Director

Kyle Rader

Chief of Police

Randy Godsey

Fire/EMS Chief

Kevin Quinn

Public Works Director

Jack Gatlin

City Attorney

James H. Viox, III

City Engineer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Erlanger  
Kentucky**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morrell*

Executive Director/CEO

## FINANCIAL SECTION

## **INDEPENDENT AUDITOR'S REPORT**

**To the Honorable Mayor and  
Members of the Council of the  
City of Erlanger, Kentucky**

### **Opinions**

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Erlanger, Kentucky as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Erlanger, Kentucky's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Erlanger, Kentucky's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, major fund budgetary comparison schedules, and *Multiple Employer, Cost Sharing, Defined Benefit Pension and OPEB Plan* disclosures 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 the 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 of Erlanger, Kentucky's basic financial statements. The accompanying combining nonmajor fund financial statements 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 combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Information**

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2025, on our consideration of the City of Erlanger, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Erlanger, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Erlanger, Kentucky's internal control over financial reporting and compliance.

*Chamberlin Owen & Co., Inc.*

**Chamberlin Owen, & Co., Inc.**

Erlanger, Kentucky  
December 2, 2025



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**CITY OF ERLANGER, KENTUCKY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Year Ended June 30, 2025**

As management of the City of Erlanger, Kentucky, we offer readers of the City's financial statements this narrative overview as an analysis of the financial activities of the City of Erlanger, Kentucky, for the year ended June 30, 2025. We encourage readers to consider the information in conjunction with the letter of transmittal, which can be found on pages 1 - 4 of this report.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 21 and 22) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 23. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.

**Financial Highlights**

- The City's assets and deferred outflows exceeded liabilities and deferred inflows at the close of the fiscal year by \$41,106,990 (net position). Of this amount \$3,456,025 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and or creditors.
- The City's total net position increased \$7,081,371 this year.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$24,751,911, a decrease of \$1,028,233 from the prior year. The decrease was a combination of the City's General Fund, Capital Fund and Non-Major Funds; Police Forfeiture fund, Park Fund and TIF Fund. At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,850,818 an increase of \$2,404,852 from fiscal year 2024. This amounts to 50% of total general fund expenditures and transfers.
- The City's government activities total assets increased by \$5,126,785 primarily as a result of current year additions and construction in progress to capital assets for infrastructure and other improvement projects. Government activities deferred outflows related to pensions and OPEB increased by \$131,822. This increase is mainly due to changes in the plans' investment performance and updated actuarial information. When investments don't meet expected returns, it creates deferred amounts that are recognized over time. The increase reflects adjustments made by the plans based on current investment results and contributions made after the measurement date.
- The City's governmental activities total liabilities and deferred inflows of resources decreased \$1,769,149. See Note G for further details on the deferred outflows and inflows of resources related exclusively to pensions and OPEB.

## The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the City's finances is "Is the City as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net position* and changes in them. You can think of the City's net position, the difference between assets and deferred outflows, liabilities and deferred inflows of resources, what the taxpayers owe as a way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, such as changes in the City's property tax base, franchise fee base, and the condition of the City's capital assets (roads, buildings, equipment and sidewalks) to assess the *overall health* of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities: most of the City's basic services are reported here, including the police, fire/emergency medical services, public works, information technology and general administration. Payroll license fees, insurance license fees, property taxes and gross receipts license fees finance most of these activities.
- Business-type activities: The City has no business type activities. The City's dental and vision insurance fund is maintained as an internal service fund, but the assets and liabilities of that fund are incorporated into governmental activities on the Statement of Net Position and the Statement of Activities.

## Reporting the City's Most Significant Funds

### Fund Financial Statements

Our analyses of the City's major funds begin on page 23 and provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes other funds to help it control and manage money for particular purposes. The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

**Governmental funds:** Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation beside the fund financial statements.

The City maintains two individual governmental funds all of which are considered major funds. These are the General Fund and the Capital Asset Fund. The City maintains three non- major funds which are Police Forfeitures Fund, Park Improvement Fund and the Tax Increment Financing Fund (TIF). Information is presented separately in the Governmental Balance Sheet and in the Statement of Revenues, Expenditures and Changes in Fund Balance for the funds. The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental financial statements can be found on pages 23 – 25 of this report.

*Proprietary Fund:* Internal service funds are an accounting device to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its dental and vision insurance costs. The basic internal service fund financial statements can be found on pages 26 – 28 of this report.

*Notes to the financial statements:* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 – 52 of this report.

*Other information:* In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information. The budgetary comparison and pension schedules can be found on pages 53 – 63 of this report.

## **THE CITY AS A WHOLE**

The Statement of Net Position presents information on all of the City of Erlanger's assets and liabilities, with the differences between the two reported as net position. For the year ended June 30, 2025, net position was stated as follows:

## Net Position

	Governmental Activities	
	2025	2024
Current assets	\$ 29,476,082	\$ 28,745,187
Capital assets	43,323,798	38,197,014
Total assets	72,799,880	66,942,201
Deferred outflows of resources	7,259,590	7,127,768
Total assets and deferred outflows of resources	80,059,470	74,069,969
Long-term liabilities	24,443,562	24,898,587
Other liabilities	4,496,735	2,917,634
Total liabilities	28,940,297	27,816,221
Deferred inflows of resources	10,012,184	11,781,333
Total liabilities and deferred inflows of resources	38,952,481	39,597,554
Net investment in capital assets	43,323,798	38,197,014
Restricted	1,239,217	1,367,360
Unrestricted	(3,456,025)	(5,091,959)
Total net assets	\$ 41,106,990	\$ 34,472,415

The City's total net position of governmental activities increased \$6,634,575. Additionally, \$446,796 was restated to remove accumulated depreciation of infrastructure assets which had been removed in prior years. The net position amount included a (\$2,340,244) non-cash, actuarial expense for the pension and other post-employment health insurance benefits unfunded liability, and a \$2,126,977 non-cash depreciation expense.

### Governmental Activities

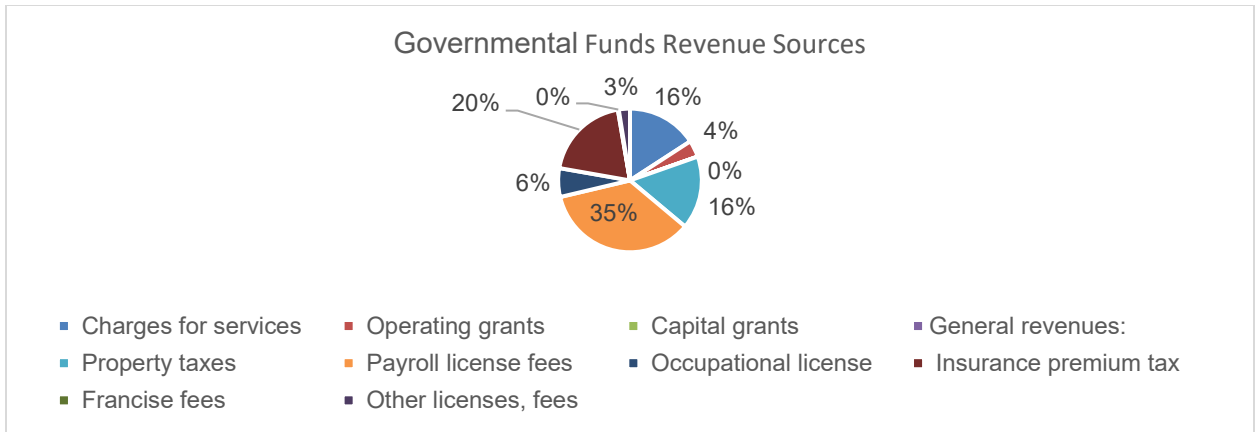
Governmental activities of the City of Erlanger during FY2025 as summarized on the following chart:

## Changes in Net Position

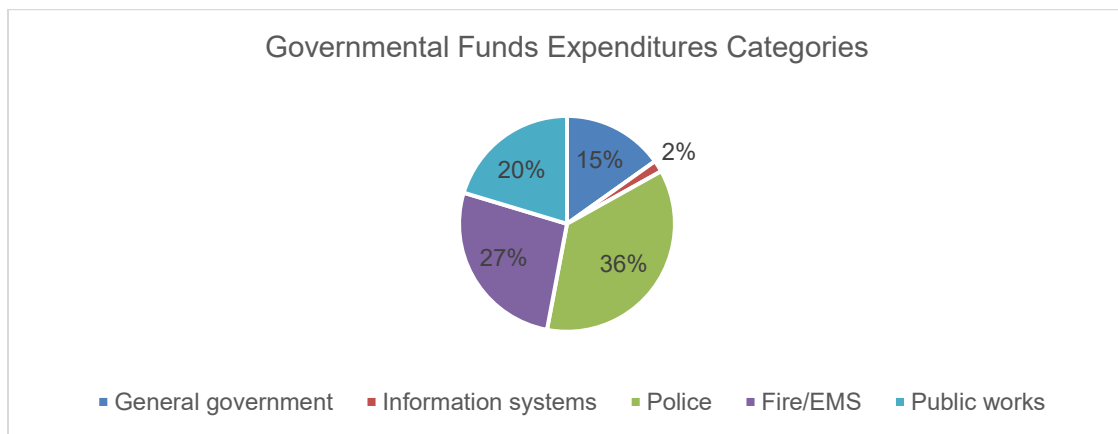
	Governmental Activities	
	2025	2024
Revenues:		
Program revenues:		
Charges for services	\$ 4,393,607	\$ 4,072,860
Operating grants	1,044,273	2,340,495
Capital grants	3,004	36,860
General revenues:		
Property taxes	4,570,972	4,990,053
Payroll license fees	9,761,392	10,035,859
Occupational license	1,793,711	1,768,939
Insurance premium tax	5,415,845	5,128,048
Franchise fees	58,894	30,941
Other licenses, fees	693,902	1,023,984
Other	-	-
Total revenues	27,735,600	29,428,039
Expenses:		
General government	3,174,154	2,860,556
Information systems	364,368	390,430
Police	7,556,306	7,244,710
Fire	5,588,738	6,019,844
Public works	4,261,039	4,556,970
Interest on debt	-	(1,894)
Total expenses	20,944,605	21,070,616
Increase in net position before transfers	7,081,371	8,357,423
Transfers	-	-
Increase in net position	7,081,371	8,357,423
Net position-Beginning	34,472,415	26,323,328
Restatement	(446,796)	(208,336)
Net position-End of year	\$ 41,106,990	\$ 34,472,415

Government Activities increased the City's net position by \$6.6 million. The increase in net position is a result of a decrease of expenditures.

Revenues for the City's governmental activities totaled \$27,735,600 at June 30, 2025, compared to \$29,428,039 million in the prior year. The decrease in revenues is primarily attributed to reductions in charges for services, operating grants, property taxes and payroll license fees. The City's largest source of revenue Payroll licenses totaled \$9,761,392 or 35% of the total revenues. This was a decrease of \$274,467. The second largest category of revenues, Insurance premiums, accounted for \$5,415,845 which was an increase \$287,797 compared to fiscal year 2024. Other revenue sources included property taxes (\$4,570,972) charges for services (\$4,393,607), grants (\$1,044,273), occupational licenses (\$1,793,711) other licenses/fees (\$693,902) and franchise fees (\$58,894).



Current year expenses of the City’s governmental activities totaled \$20,944,605 compared to \$21,070,616 last year, a decrease of .59%. Despite rising personnel costs and inflationary pressures on goods and services, total city expenses were lower than the prior year. This decrease is primarily attributable to several vacant positions throughout the year, which reduced payroll and benefit costs. Additionally, cost-saving measures, more efficient use of supplies, and deferred or lower-than-expected maintenance, contributed to the overall reduction. Together, these factors resulted in a net decrease in total expenses compared to the previous year. The City’s largest category of expenses in the current year was Police, with a total of \$7,556,306 or 36% of total expenses. The City’s second largest expense category, Fire, ended the fiscal year with expenses totaling \$5,588,738, Other expense categories include Public Works (\$4,261,039), General Government (\$3,175,154), Information Systems (\$364,368).



## FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City’s governmental funds is to provide information on revenues, expenditures, and net spendable resources.

The General Fund is the main operating fund of the City. As of June 30, 2025, the City’s governmental funds reported ending fund balance of \$19,166,023 an increase of \$2,743,100 from the prior year. Key factors are as follows:

- The General Fund transferred \$120,544 to the Park Fund.

- Insurance license fee increased for the fiscal year and produced results stronger than originally anticipated.
- This was the first year not recognizing any American Rescue Plan Act (ARPA Funding) since before the COVID-19 pandemic.

There was an overall net decrease in the total governmental fund balance. Of this \$24,751,910 total fund balance, the unassigned balance is \$10,850,818.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the City Council revised the General Fund budget one time.

The budget amendment was due to personnel changes of restructuring General Government operations and additional money was budgeted for the marketing subcontractor.

The variance between the FY 2025 budgeted and actual revenues was \$1,351,936. The City takes a conservative approach when budgeting revenues, using prior year actuals and adjusting for known changes. Revenues such as licenses and permits are particularly hard to predict, as they include insurance license fees collected by the state and paid to the City, payroll license fees impacted by new or exiting businesses and wage changes, and occupational license fees.

The variance between department budgets and actual expenditures for FY 2025 was \$1,559,684, as all departments spent less than their budgeted amounts. This reflects the City's continued efforts to manage spending responsibly and operate within approved budget limits.

The minimum level of the Resilience Fund balance is \$5,000,000 of the most current fiscal year expenditures. The Resilience Fund Balance is accounted for as committed funds on the City's audited financial statements.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2025, the City had \$43,323,798 invested in governmental net capital assets including police and fire equipment, buildings, park facilities, roads/sidewalks and construction in progress. This represents a net increase of \$5,126,784 from 2024. This increase is due to the investment in street projects, the new Public Works Facility and replacement of police vehicles and City equipment.



	<b>Governmental Activities</b>	
	<b>2025</b>	<b>2024</b>
Land & construction in progress	\$ 6,250,020	\$ 10,917,975
Buildings	14,660,379	8,975,698
Improvements/infrastructure	36,430,069	31,865,209
Equipment/Furniture & Fixtures	1,995,057	2,073,339
Vehicles	6,317,884	5,391,560
Subtotals	65,653,409	59,223,781
Accumulated depreciation	(22,329,611)	(21,026,768)
Net Assets	<u>\$ 43,323,798</u>	<u>\$ 38,197,013</u>

This year's major additions and deletions included:

Purchases of land and construction in progress	\$ 186,783
Improvements to buildings	5,694,847
Purchases of vehicles and equipment	1,298,806
Infrastructure projects for streets	5,004,680
Net depreciation added	(1,302,841)
Disposal of vehicles, equipment, and infrastructure	(900,751)
Completed construction in progress	(4,854,739)
Net change	<u>\$ 5,126,785</u>

For additional information concerning the City's capital assets, please refer to Note E of the financial statements.

## Debt

At year-end, the City had \$587,185 compensated absences. That is an increase of 6.21% as shown in the following table.

	<b>Governmental Activities</b>	
	<b>2025</b>	<b>2024</b>
Compensated absences PTO	\$ 587,185	\$ 552,831
	<u>\$ 587,185</u>	<u>\$ 552,831</u>

For additional information concerning the City's debt, please refer to Note F of the financial statements, as well as Note I for information regarding the unfunded pension obligations.

## NEXT YEAR'S BUDGET

The City of Erlanger's FY 2026 Budget reflects a balance of strategic investment and fiscal discipline, emphasizing growth, workforce support, and enhanced public services while maintaining no debt and a projected \$20 million fund balance. Total revenues were projected at \$21.49 million and expenditures at \$21.23 million, yielding a small surplus. The budget sustains revenue growth—particularly from payroll and occupational license fees—without tax increases, while funding key priorities like public safety, infrastructure, technology, and employee compensation.

Significant projects and investments in FY 2026 include:

- Public Works: \$2.9 million in capital projects, including \$2.5 million for street improvements, \$200,000 for sidewalks, and the addition of a Project Manager to oversee growing infrastructure initiatives.
- Parks & Recreation: \$2.15 million in park improvements, with \$1.31 million for new projects and \$836,000 in carryover funding.
- Police Department: Addition of a new recruit and School Resource Officer, five new cruisers, and training facility upgrades.
- Fire/EMS: Utility truck and ambulance replacements, Life Pak 35 monitors (95% grant-funded), and a \$75,000 renovation grant for a joint training center.
- General Government: New Program Coordinator position, enhanced marketing and public art efforts, and expanded employee wellness programs.
- IT: Upgraded cybersecurity, council room cameras, and annual equipment replacement plan.

Overall, the FY 2026 budget positions Erlanger for continued growth, operational excellence, and community investment without compromising financial stability.

The City's elected officials and management team remain confident in the City's high level of service delivery to our citizens and believe our business community will continue to grow through fiscal year 2026 and for many years beyond.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance at 505 Commonwealth Avenue, Erlanger, Kentucky.

<b>CITY OF ERLANGER, KENTUCKY</b> <b>STATEMENT OF NET POSITION</b> <b>June 30, 2025</b>
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	<b>Governmental Activities</b>
<b>Assets:</b>	
Current Assets	
Cash and cash equivalents	\$ 19,665,173
Investments	4,310,685
Receivables:	
Property taxes	92,102
Accounts	4,269,466
National opioid settlement	956,294
Prepaid items	182,363
Net OPEB asset	115,565
Capital assets	
Capital assets not being depreciated	6,250,020
Other capital assets, net	37,073,778
<b>Total Assets</b>	<b>72,915,446</b>
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to pensions and OPEB	7,259,590
<b>Total Deferred Outflows of Resources</b>	<b>7,259,590</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>80,175,036</b>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	1,978,498
Accrued liabilities	1,080,457
Compensated absences due within one year	220,543
Accrued interest payable	-
Unearned Revenue -Opioid	1,217,237
Noncurrent liabilities	
Compensated absences due in more than one year	366,642
Net pension and OPEB liability	24,192,485
<b>Total Liabilities</b>	<b>29,055,862</b>
<b>Deferred Inflows of Resources</b>	
Deferred inflow related to pensions and OPEB	10,012,184
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>39,068,046</b>
<b>Net Position</b>	
Net investment in capital assets	43,323,798
Restricted:	
Police Forfeiture	148,767
Parks	814,447
TIF	276,003
Unrestricted	(3,456,025)
<b>Total Net Position</b>	<b>\$ 41,106,990</b>

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

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
<b>Primary government:</b>	<b>Expenses</b>				
<b>Governmental activities:</b>					
General government	\$ 3,175,153	\$ 1,493,321	\$ -	\$ -	\$ (1,681,833)
Information systems	364,368	-	-	-	(364,368)
Police	7,556,306	1,090,627	477,470	-	(5,988,209)
Fire/EMS	5,588,738	1,579,136	155,891	-	(3,853,711)
Public works	4,261,039	230,523	410,912	3,004	(3,616,600)
<b>Total governmental activities</b>	<u>20,945,605</u>	<u>4,393,607</u>	<u>1,044,273</u>	<u>3,004</u>	<u>(15,504,721)</u>
<b>Total primary government</b>	<u>\$ 20,945,605</u>	<u>\$ 4,393,607</u>	<u>\$ 1,044,273</u>	<u>\$ 3,004</u>	<u>(15,504,721)</u>
<b>General revenues:</b>	Taxes:		Property taxes for general purposes		4,570,972
			Public service taxes		291,376
			Taxes, levied for bank deposits		58,894
	Licenses:		Occupational		1,793,711
			Payroll		9,761,392
			Insurance premium		5,415,845
	Investment earnings/miscellaneous				693,902
	<b>Total general revenues and transfers</b>				<u>22,586,092</u>
	<b>Change in net position</b>				7,081,371
	<b>Net position - beginning of year</b>				34,472,415
	<b>Restatement</b>				(446,796)
	<b>Net position - ending of year</b>				<u>\$ 41,106,990</u>

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

**CITY OF ERLANGER, KENTUCKY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2025**

	General	Capital Assets Fund	Non-Major Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 15,518,236	\$ 2,336,198	\$ 1,382,002	\$ 19,236,436
Investments	4,310,685	-	-	4,310,685
Receivables:				
Taxes	92,102	-	-	92,102
Accounts	3,563,326	706,140	-	4,269,466
National opioid settlement	956,293	-	-	956,293
Prepays	182,363	-	-	182,363
<b>Total Assets</b>	<b>\$ 24,623,005</b>	<b>\$ 3,042,338</b>	<b>\$ 1,382,002</b>	<b>\$ 29,047,345</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 394,584	\$ 1,438,766	\$ 142,785	\$ 1,976,135
Accrued liabilities	1,080,457	-	-	1,080,457
Unearned revenue - taxes	21,605	-	-	21,605
Unearned revenue - Opioid	1,217,237	-	-	1,217,237
<b>Total Liabilities</b>	<b>2,713,883</b>	<b>1,438,766</b>	<b>142,785</b>	<b>4,295,434</b>
<b>Fund Balances:</b>				
Nonspendable	182,363	-	-	182,363
Restricted	156,969	-	-	156,969
Police Forfeiture	-	-	148,767	148,767
Parks	-	-	814,447	814,447
TIF	-	-	276,003	276,003
Committed				
Capital assets	-	1,603,572	-	1,603,572
Emergency reserves	5,718,972	-	-	5,718,972
Resilience Fund	5,000,000	-	-	5,000,000
Unassigned	10,850,818	-	-	10,850,818
<b>Total Fund Balances</b>	<b>21,909,122</b>	<b>1,603,572</b>	<b>1,239,217</b>	<b>24,751,911</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 24,623,005</b>	<b>\$ 3,042,338</b>	<b>\$ 1,382,002</b>	<b>\$ 29,047,345</b>
Total governmental fund balances				\$ 24,751,911
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets of \$65,653,410 used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of (\$22,329,611)				43,323,799
Other liabilities, consisting of property taxes that are not available to be recognized in current-period revenues, are therefore deferred in the funds				
Taxes				21,605
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore not reportable in the funds:				
Deferred outflow of resources				7,259,590
Deferred inflow of resources				(10,012,184)
Costs of issuance of debt (prepaid insurance) and bond refunding losses are expensed for governmental funds, but are carried as deferred charges in the statement of net position				-
An internal service fund is used by management to charge certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service fund must be added to the statement of net position				426,374
Accrued interest payable on long-term debt				-
Long-term liabilities, including bonds payable, capital leases, compensated absences, and net pension liability are not due and payable in current period and therefore are not reported in the funds				(24,664,105)
<b>Net position of governmental activities</b>				<b>\$ 41,106,990</b>

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

**CITY OF ERLANGER, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2025**

	General	Capital Assets Fund	Non-Major Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 4,385,671	\$ -	\$ 529,489	\$ 4,915,160
Licenses and permits	14,259,247	3,239,516	465,723	17,964,486
Intergovernmental	1,068,544	3,004	-	1,071,548
Charges for services	1,316,632	-	-	1,316,632
Fines and forfeitures	76,759	-	84,533	161,292
Interest	977,433	-	-	977,433
Uses of property	49,514	41,543	-	91,057
Miscellaneous	(206,916)	-	-	(206,916)
<b>Total Revenues</b>	<b>21,926,884</b>	<b>3,284,063</b>	<b>1,079,745</b>	<b>26,290,692</b>
<b>Expenditures</b>				
Current:				
General government	2,701,925	-	465,723	3,167,648
Information systems	353,308	-	-	353,308
Police	7,490,975	-	12,790	7,503,765
Fire/EMS	5,605,353	-	-	5,605,353
Public works	2,911,679	-	-	2,911,679
Capital outlay	-	6,927,253	849,919	7,777,172
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total Expenditures</b>	<b>19,063,240</b>	<b>6,927,253</b>	<b>1,328,432</b>	<b>27,318,925</b>
Excess (deficiency) of revenues over (under) expenditures	2,863,644	(3,643,190)	(248,687)	(1,028,233)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	120,544	120,544
Transfers out	(120,544)	-	-	(120,544)
<b>Total Other Financing Sources (Uses)</b>	<b>(120,544)</b>	<b>-</b>	<b>120,544</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>2,743,100</b>	<b>(3,643,190)</b>	<b>(128,143)</b>	<b>(1,028,233)</b>
<b>Fund Balances - Beginning</b>	<b>19,166,022</b>	<b>5,246,762</b>	<b>1,367,360</b>	<b>25,780,144</b>
<b>Fund Balances - Ending</b>	<b>\$ 21,909,122</b>	<b>\$ 1,603,572</b>	<b>\$ 1,239,217</b>	<b>\$ 24,751,911</b>

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

<b>CITY OF ERLANGER, KENTUCKY</b> <b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,</b> <b>AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO</b> <b>THE STATEMENT OF ACTIVITIES</b> <b>For the Year Ended June 30, 2025</b>
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<b>Net change in fund balances - total governmental funds</b>	<b>\$ (1,028,233)</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Capital asset additions	7,777,172
Loss on disposal of assets	(76,615)
Depreciation expense	(2,126,977)

Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds	6,082
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Repayment of bond and lease principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.	-
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Government funds report the effect of prepaid insurance and bond refunding loss when the debt is issued, these amounts are deferred and amortized in statement of activities.	-
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Governmental funds report pension contributions as expenditures, however, in the statement of activities, the cost of the pension benefits earned, net of employer contributions, is reported as pension expense:

Costs of benefits earned - pensions	1,089,251
Costs of benefits earned - OPEB	1,250,993

Accrued interest on long-term debt is reported in the government-wide financial statements and not reported in the governmental funds. This is the change in interest accrued through year end.	-
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An internal service fund is used by management to charge the costs of certain activities, such as health and dental insurance to individual funds. The net revenues (expenses) of the internal service fund are reported with governmental activities.	224,052
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Some expenses reported in the statement of activities do not require the use of current financial and therefore are not reported as expenditures in governmental funds, such as compensated absences.	(34,354)
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<b>Change in net position of governmental activities</b>	<b>\$ 7,081,371</b>
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The accompanying notes are an integral part of these financial statements.

**CITY OF ERLANGER, KENTUCKY**  
**STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUND**  
**June 30, 2025**

	<b>Governmental Activities</b>
	<b>Internal</b>
	<b>Service Fund - Health and Dental</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 428,737
Receivables	-
<b>Total Assets</b>	<u>428,737</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	<u>2,363</u>
<b>Total Liabilities</b>	<u>2,363</u>
<b>Net Position</b>	
Unrestricted	<u>426,374</u>
<b>Total Net Position</b>	<u><u>\$ 426,374</u></u>

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



<b>CITY OF ERLANGER, KENTUCKY</b> <b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION</b> <b>INTERNAL SERVICE FUND</b> <b>For the Year Ended June 30, 2025</b>
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	<b>Governmental Activities Internal Service Fund - Health and Dental</b>
<b>Operating Revenues</b>	
Charges for services:	
Health insurance premium fees	\$ 1,800,000
Other income	6,815
<b>Total Operating Revenues</b>	<u>1,806,815</u>
<b>Operating Expenses</b>	
Health/Dental Insurance	454,343
Claims paid	1,060,563
HRA	67,857
<b>Total Operating Expenses</b>	<u>1,582,763</u>
<b>Net Operating Income (Loss)</b>	224,052
Transfer in	-
Transfer out	-
<b>Net Income</b>	224,052
<b>Net Position - Beginning Of Year</b>	<u>202,322</u>
<b>Net Position - End Of Year</b>	<u><u>\$ 426,374</u></u>

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

**CITY OF ERLANGER, KENTUCKY**  
**STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUND**  
**For the Year Ended June 30, 2025**

	<b>Governmental Activities</b>
	<b>Internal Service Fund - Health and Dental</b>
<b>Cash flows from operating activities</b>	
Cash received from interfund services provided	\$ 1,806,815
Cash paid to suppliers	(1,580,400)
Cash transferred out to the General Fund	-
<b>Net change in cash from operating activities</b>	<u>226,415</u>
<b>Net change in cash</b>	226,415
<b>Cash and Cash equivalents- beginning of year</b>	<u>202,322</u>
<b>Cash and Cash equivalents- end of year</b>	<u><u>\$ 428,737</u></u>
<b>Reconciliation of operating income to net change in cash from operating activities:</b>	
Operating income	\$ 224,052
Adjustments to reconcile operating income to net change in cash from operating activities:	
Cash transferred out to the general fund	-
Changes in assets and liabilities:	
Receivables	334
Accounts payable	2,363
<b>Net change in cash from operating activities</b>	<u><u>\$ 226,749</u></u>

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

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Erlanger, Kentucky have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the City are described below.

**REPORTING City** – The City of Erlanger, Kentucky is a municipality governed by a mayor and twelve-member council. As defined by GAAP and established by GASB, the financial reporting entity consists of the primary government (The City of Erlanger, Kentucky as legally defined). Potential component units were considered for inclusion in the financial reporting entity. Component units are separate organizations for which the elected officials of the primary government would be financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board and either a) the ability to impose its will is held by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. A component unit which is fiscally dependent upon the primary government even when the primary government does not have a voting majority of the component unit's board is also to be included in the statements of the primary government.

The City does not have any component units to be included in its financial report.

**BASIS OF PRESENTATION*****Government-Wide Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The only business-type activities are the City's Internal Service Fund. The City has no fiduciary activities or blended or discretely presented component units.

The statement of activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are those 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. Internal activity with the Health and Dental Fund is eliminated in the statement of activities.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than as an expenditure.

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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### ***Fund Financial Statements***

Separate financial statements are provided for governmental funds and proprietary funds. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The City uses funds to report on its financial position and the result of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

**Governmental funds** are those through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The City's major governmental funds are as follows:

*General Fund* – The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

*Police Forfeiture Fund (Special Revenue Fund)* – The Police Forfeiture Fund, established by Kentucky state law, is derived from drug forfeitures that must be expended for police equipment and supplies. By definition, the Police Forfeiture Fund is a Special Revenue Fund as it is used to account for and report the proceeds of specific revenue sources that are restricted to expenditures for specific purposes other than debt service or capital projects.

*Tax Increment Financing Fund (TIF) (Special Revenue Fund)* – The TIF Fund, established through enabling legislation, creates a "development area" to be known as the *Erlanger Road Commerce Center*. This Special Fund was set up to encourage reinvestment and development within the area and to pledge a portion of the "incremental revenues" generated from the development and to provide redevelopment assistance and provide payment of project costs; including infrastructure and site development costs.

*Capital Assets Fund (Capital Project Fund)* – The Capital Assets Fund, established through enabling legislation, is to be used to account for and report financial resources that are internally committed to expenditure for capital outlays, including collecting and providing funding for new or replacement capital assets and/or infrastructure employed by the City.

*Park Improvement Fund (Special Revenue Fund)* – The Park Improvement Fund, established through enabling legislation, is to be used for the ongoing development of new and existing parks. Currently, Erlanger has twelve (12) existing parks outlined in the Master Park Plan. The City will follow the Master Park Plan to guide the project selection and prioritization. Three primary objectives are (1) address repairs and replacement to preserve existing infrastructure, (2) address repairs and replacement to comply with safety, health and code requirements and (3) improve park deficient areas.

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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**Proprietary funds** are used to account for the City's ongoing activities that are similar to those found in the private sector where the intent of the governing body is that the cost of providing goods and services to the general public be financed or recovered primarily through user charges. The government reports the following proprietary funds:

*Internal Service Fund – Health and Dental* – The City's Internal Service Fund accounts for the activities of the government's self-insurance function for dental and vision insurance. The net position of this fund is included in the Statement of Net Position and the net income of the fund is accounted for, by functional area in proportion to salary expense, in the Statement of Activities.

**BASIS OF ACCOUNTING** - The government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, license fees and interest are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

Property taxes, license fees, interest and other revenues associated with current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. No allowance for doubtful accounts is required as of June 30, 2025.

Proprietary fund – internal service fund – is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet.

Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The accrual basis of accounting is utilized by the proprietary fund types. Under this method, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred.

**CASH AND CASH EQUIVALENTS** - Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an initial maturity date within three months of the date acquired by the City.

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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The City is authorized by state statute to invest in:

1. Obligations of the United States and of its agencies and instrumentalities
2. Certificates of deposits
3. Banker's acceptances
4. Commercial paper
5. Bonds of other state or local governments
6. Mutual funds

**PROPERTY TAXES AND TAX CALENDAR** – Property taxes are levied as of January 1 on property values assessed as of the same date. The taxes are billed on approximately October 1 and are due and payable on December 31. On January 1 the bill becomes delinquent, and penalties and interest may be assessed by the City. A lien may be placed on the property on January 1. Property tax rates for the year ended June 30, 2025 were \$0.248 per \$100 valuation for real property and \$0.198 per \$100 valuation for personal property. The assessed value of property on which the 2023 tax levy was based was \$1,795,461,250 for real property and \$201,918,952 for personal property.

**PREPAIDS** – Payments made to vendors for services that will benefit periods reported as prepaid items under the purchase method.

**INTERFUND ACTIVITY AND ADVANCE RECEIVABLE** – Reciprocal interfund activity includes interfund loans – amounts provided with a requirement for repayment, reported as interfund receivables and payables in the respective funds and interfund services provided and used – sales and purchases of goods and services between funds for a price approximating their external exchange value, recorded as revenues and expenses in the respective funds. Unpaid amounts would be reported as receivables and payables in the respective funds. Nonreciprocal interfund activity includes interfund transfers – flows of assets without equivalent flows of assets in return and interfund reimbursements – repayments by the responsible fund.

**CAPITAL ASSETS** – General capital assets are those assets not specifically related to activities in the proprietary fund. These assets are reported in the governmental activities' column of the government-wide statement of net position. Capital assets used by the proprietary fund are reported in the business-type activities column of the government-wide statement of net position.

The accounting and reporting treatment applied to capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide financial statements. Generally, capitalizable items with a cost of \$10,000 or more and two years of useful life are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical costs, or where historical cost is not available, estimated historical cost based on replacement cost. Prior to July 1, 2001, governmental funds infrastructure assets had not previously been capitalized. The City has opted to not retroactively report its major general infrastructure assets. Infrastructure assets (starting July 1, 2001) have been valued at cost.

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The range of lives used for depreciation purposes for each capital asset class is as follows:

Buildings	40	years
Building Improvements/public domain infrastructure	10-25	years
Equipment	3-7	years
Furniture and fixtures	3-7	years
Vehicles	5	years

**COMPENSATED ABSENCES** – The City reports compensated absences in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. It is the government's policy to permit employees to accumulate earned, but unused vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the government funds only if they have matured; for example, as a result of employee resignations and retirements. The general fund has typically been used to liquidate compensated absences as they become due and payable.

**LONG-TERM OBLIGATIONS** – The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest as expenditures. The accounting for long-term debt of the proprietary fund is the same in the fund statements as it is in the government-wide statements.

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

**OTHER POST-EMPLOYMENT BENEFITS (OPEB), HEALTH INSURANCE** – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the County Employee Retirement System (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The General Fund liquidates OPEB liability.

**NET POSITION** – Net position represents the difference between assets and deferred outflows less liabilities and deferred inflows. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**FUND EQUITY** – In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources.

*Non-spendable fund balance* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form – long-term receivables and prepaid items; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

*Restricted fund balance* – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* – These amounts can only be used for specific purposes to constraints imposed by formal ordinances of the City Council (the government's highest level of decision-making authority). Those committed amounts cannot be used for any other purposes unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

- *Resilience Fund* - The Resilience Fund has been established by the City of Erlanger for the purpose of providing funds for an urgent event that affects the safety of the public (e.g., declaration of economic emergency, or other specific circumstances such as slow economic growth or a natural disaster, such as flood, tornado, etc.) for unexpected revenue declines that are projected to continue for more than 2 years.

The minimum level of the Resilience Fund balance is \$5,000,000 of the most current fiscal year expenditures. The Resilience Fund Balance is accounted for as committed funds on the City's audited financial statements.

All requests for use of or an addition to the General Fund Resilience Fund Balance shall be included in the budget presented by the Mayor and approved by the City Council.

*Assigned fund balance* – This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes but are neither restricted nor committed. The City Council and City Administrator have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

*Unassigned fund balance* – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds. The City Council has set a General Fund minimum fund balance target at 30% of expenditures and recurring transfers.



<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources – committed, assigned and unassigned – in order as needed. The City has no outstanding encumbrances as of June 30, 2025.

**ESTIMATES AND UNCERTAINTIES** – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

- A. In accordance with City ordinance, by May 15<sup>th</sup>, the City Administrative Officer submits to the Mayor and Council, a proposed operating budget on the modified accrual basis of accounting for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- B. A public meeting is conducted to obtain citizen comment.
- C. Prior to June 30, the budget is legally enacted through passage of an ordinance.
- D. The City Administrator is required by Kentucky Revised Statutes to present a quarterly report to the Mayor and Council explaining any variance from the approved budget.
- E. Appropriations continue in effect until a new budget is adopted.
- F. The Council authorizes supplemental appropriations during the year.

Expenditures may not legally exceed budgeted appropriations at the department level. Any revisions to the budget that would alter total revenues and expenditures of any fund must be approved by the Council; however, with proper approval by the Council, budgetary transfers between departments can be made. The Council adopted two supplementary appropriation ordinances. All appropriations lapse at fiscal year-end. Annual budgets are adopted on a basis consistent with GAAP.

*Deficit net position* – No funds of the City ended the fiscal year in a deficit net position.

#### **NOTE C – DEPOSITS AND INVESTMENTS**

*Custodial Credit Risk – Deposits* – For deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned. As allowed by law, the depository bank must pledge securities in addition to FDIC insurance at least equal to the amount on deposit at all times. The City's deposit policy maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). The City's bank balances are entirely insured or collateralized with securities held by the financial institution in the City's behalf, as required by state legal requirements.

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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The City held the following investments as of June 30, 2025:

	Fair Value	Weighted Average to Maturity (years)
Cash	\$ 19,665,173	-
Government bonds	4,310,685	3.68
	<u>\$ 23,975,858</u>	
Portfolio weighted average maturity		3.68

Interest rate risk – In accordance with the City’s investment policy, interest rate risk is minimized by investing in public funds with the highest rate of return with the maximum security of principal. Investments are undertaken in a manner that seeks to ensure preservation of capital in the portfolio.

#### NOTE D – INTERFUND RECEIVABLES AND PAYABLES

There were no interfund balances as of June 30, 2025. Interfund transfers for the year ended June 30, 2025, consisted of the following:

	Transfers In	Transfers Out
General Fund	\$ -	\$ (120,544)
Capital Assets Fund	-	-
Park Fund	120,544	-
	<u>\$ 120,544</u>	<u>\$ (120,544)</u>

Transfers are used to move funds from the fund that statute or budget requires such funds to be received into to the fund that statue or budget requires such funds to be disbursed from. Transfers are also used to move unrestricted funds collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to fund from which it was originally provided once a project is completed.

#### NOTE E – CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for governmental activities for the year ended June 30, 2025 is as follows:

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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	June 30, 2024	Additions	Retirements/ Reclassifications	June 30, 2025
<b>Governmental activities:</b>				
Assets not being depreciated				
Land	\$ 5,968,395	\$ -	\$ -	\$ 5,968,395
Construction in progress	4,949,581	186,783	(4,854,739)	281,625
	<u>10,917,976</u>	<u>186,783</u>	<u>(4,854,739)</u>	<u>6,250,020</u>
Other capital assets				
Buildings	8,975,698	5,694,847	(10,166)	14,660,379
Improvements/infrastructure	31,865,209	5,004,680	(439,820)	36,430,069
Equipment	1,836,783	174,548	(29,700)	1,981,631
Furniture and fixtures	236,556	-	(223,130)	13,426
Vehicles	5,391,560	1,124,258	(197,934)	6,317,884
Subtotal	<u>48,305,806</u>	<u>11,998,333</u>	<u>(900,750)</u>	<u>59,403,389</u>
Accumulated depreciation				
Buildings	(5,560,720)	(254,639)	10,166	(5,805,193)
Improvements/infrastructure	(9,235,151)	(1,350,289)	363,206	(10,222,234)
Equipment	(1,568,205)	(107,456)	29,700	(1,645,961)
Furniture and fixtures	(236,556)	-	223,130	(13,426)
Vehicles	(4,426,136)	(414,593)	197,934	(4,642,795)
Subtotal	<u>(21,026,768)</u>	<u>(2,126,977)</u>	<u>824,136</u>	<u>(22,329,609)</u>
Other capital assets, less depreciation	<u>27,279,038</u>	<u>9,871,356</u>	<u>(76,614)</u>	<u>37,073,780</u>
<b>Capital assets, net</b>	<u>\$ 38,197,014</u>	<u>\$ 10,058,139</u>	<u>\$ (4,931,353)</u>	<u>\$ 43,323,800</u>

Depreciation was charged to the following governmental activities:

Activity	Depreciation
General government	\$ 132,138
Information systems	11,060
Police	229,324
Fire & EMS	217,407
Public safety	1,537,048
Current year governmental activity depreciation expense	<u>\$ 2,126,977</u>

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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**NOTE F – LONG-TERM OBLIGATIONS**

*General Obligation Public Project Bonds – Series 2008*

On January 8, 2008, the City issued General Obligation Bonds, Series 2008 in the amount of \$2,150,000. The proceeds were used for general public projects in the City. Coupon rates vary from 3.00% to 3.55%. The issue calls for semi-annual interest payments on May 1 and November 1 and principal payments on November 1. This Bond was paid in full during fiscal year ending June 30, 2023.

Employees of the Government earn vacation and sick leave benefits, which may be accumulated and used in future periods or paid upon termination, in accordance with the Government's policy. Compensated absences are recognized as a liability in the government-wide financial statements when earned. The related expenditure is recognized in the governmental funds only when the liability has matured (e.g., as a result of employee resignations or retirements). These obligations are typically liquidated by the fund in which the employee's payroll costs are recorded, generally the General Fund. The following summarizes activity for the compensated absences liability during the fiscal year:

A summary of the changes in the long-term debt obligations is as follows:

	Balance at June 30, 2024	Net Change	Balance at June 30, 2025
<b>Governmental activities -</b>			
Compenstated absences	\$ 552,831	\$ 34,355	\$ 587,186
General obligation pubic project bonds - Series 2008	-	-	-
Total governmental activities	<u>\$ 552,831</u>	<u>\$ 34,355</u>	<u>\$ 587,186</u>

Of the total compensated absences liability, \$366,642 is expected to be due within one year, and \$220,543 represents the current portion recorded in the fund financial statements.

The change during the year represents a net increase in the compensated absences liability of \$34,354. The increase and decrease amounts are presented separately in accordance with GASB disclosure requirements.

**NOTE G – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

Governmental fund balances as of June 30, 2025, consist of the following:

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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	General Fund	Capital Assets	Police Forfeiture	Park Improvement	TIF Fund	Total
Nonspendable -						
Prepaid items	\$ 182,363	\$ -	\$ -	\$ -	\$ -	\$ 182,363
Restricted	156,969	-	148,767	814,447	276,003	1,396,186
Committed:						
Capital assets	-	1,603,572	-	-	-	1,603,572
Emergency Reserves	5,718,972	-	-	-	-	5,718,972
Resilience Fund	5,000,000	-	-	-	-	5,000,000
Unassigned	10,850,818	-	-	-	-	10,850,818
Total Fund Balance	<u>\$ 21,909,122</u>	<u>\$ 1,603,572</u>	<u>\$ 148,767</u>	<u>\$ 814,447</u>	<u>\$ 276,003</u>	<u>\$ 24,751,911</u>

#### NOTE H – OPERATING LEASES

The City is obligated under certain leases accounted for as operating leases. Minor lease expenses in fiscal year 2024, in the aggregate, totaled \$67,187. The City has considered each of these leases in relation to GASB 87 and the leases are either 1.) annually renewable or 2.) immaterial and not recognized as assets available for use.

Additionally, the City has several subscription-based information technology arrangements (SBITA). The total amount for SBITA in fiscal year 2025 totaled \$120,192. The City has considered each of these information technology arrangements in relation to GASB 96, and the information technology arrangements are either 1.) annually renewable or 2.) immaterial and not recognized as assets available for use.

#### NOTE I – COUNTY EMPLOYEES' RETIREMENT SYSTEM

*Plan description* – City employees are covered by CERS (County Employees' Retirement System), a cost-sharing multiple-employer defined benefit pension and health insurance (Other Post-Employment Benefits; OPEB) plan administered by the Kentucky Public Pension Authority, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute ("KRS") Section 61.645, the Board of Trustees of the Kentucky Public Pension Authority administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Public Pension Authority issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

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

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

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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	Non-Hazardous		Non-Hazardous	
	Pension	OPEB	Pension	OPEB
Active Plan Members	78,810	78,418	9,205	9,156
Inactive Plan Members	111,086	27,097	4,287	835
Retired Members	70,932	38,679	11,603	8,176
	<u>260,828</u>	<u>144,194</u>	<u>25,095</u>	<u>18,167</u>
Number of participating employers		<u>1,141</u>		<u>260</u>

## **PENSION PLAN**

### **Non-Hazardous Pension Plan Description**

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

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old or age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not available

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years of service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive 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.

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

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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	Required Contribution
Tier 1	5%
Tier 2	5%
Tier 3	5%

### Hazardous Pension Plan Description

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

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

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

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years of service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive 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.

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

	Required Contribution
Tier 1	8%
Tier 2	8%
Tier 3	8%

### Contributions

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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The employer contribution rates are set by the KRS Board under Kentucky Revised Statute 61.565 based on an annual actuarial valuation, unless altered by legislation enacted by the Kentucky General Assembly. The employee contribution rate is also set by state statute.

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

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

The City made all required contributions for the non-hazardous Plan pension obligation for the fiscal year in the amount of \$507,526, of which \$507,526 was for the pension fund and \$0 was for the health insurance fund.

The City made all required contributions for the hazardous Plan pension obligation for the fiscal year in the amount of \$2,621,497 of which \$2,477,555 was for the pension fund and \$143,941 was for the health insurance fund.

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

At June 30, 2025, the City reported a liability of \$23,283,220 (\$3,991,454 for the non-hazardous plan and \$19,291,766 for the hazardous plan) as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At the June 30, 2024 measurement year, the City's non-hazardous employer allocation proportion was 0.0667% of the total CERS non-hazardous duty employees and the hazardous employer allocation proportion was 0.7501% of the total CERS hazardous duty employees. For the year ended June 30, 2025, the City recognized a pension benefit of \$1,089,250 in addition to its \$2,985,081 pension contribution.

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



<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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	Non-Hazardous		Hazardous		Total	
	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	\$ 193,194	\$ -	\$ 1,253,528	\$ -	\$ 1,446,722	\$ -
Net difference between projected and actual earnings on plan investments	-	(256,629)	-	(1,029,649)	-	(1,286,278)
Changes of assumptions	-	(180,335)	-	(1,088,792)	-	(1,269,127)
Changes in proportion and differences between contributions and proportionate share of contributions	49,041	(61,273)	1,074,195	(999,070)	1,123,236	(1,060,343)
Contributions subsequent to the measurement date	507,526	-	2,477,555	-	2,985,081	-
	<u>\$ 749,761</u>	<u>\$ (498,237)</u>	<u>\$ 4,805,278</u>	<u>\$ (3,117,511)</u>	<u>\$ 5,555,039</u>	<u>\$ (3,615,748)</u>

The City's contributions subsequent to the measurement date of \$2,985,081 will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

:

Measurement Year Ending June 30,	Net Deferral
2025	\$ (964,221)
2026	294,047
2027	(122,350)
2028	(253,266)
2029	-
Thereafter	-
	<u>\$ (1,045,790)</u>

### Basis of Calculations

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

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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### **Assumptions**

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

Inflation	2.50%
Payroll Growth Rate	2.0% for CERS Non-hazardous
Salary Increases	3.30% to 10.30%, varies by service for CERS Non-hazardous
Investment Rate of Return	6.50% for CERS Non-hazardous
Mortality	System specific mortality table based on experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.

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

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

### **Changes of Assumptions**

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

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

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

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

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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retirement pattern. The total pension liability as of June 30, 2023, for the non-hazardous plans in determined using these updated benefits provisions.

There have been no other plan provision changes that would materially impact the total pension liability since June 30, 2022. It is GRS's opinion that these procedures for determining the information contained in this report are reasonable, appropriate, and comply with applicable requirements under GASB No. 68.

The actuarial assumptions are:

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

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

### **Discount Rate**

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

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

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

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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Actuarial Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method	Level Percent of Pay
Amortization Period	30 years closed period at June 30, 2019; gains and losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0%
Investment Rate of Return	6.25%
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service for Non-Hazardous
Mortality	System specific mortality table based on experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

### Plan Target Allocation

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

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

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

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

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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Asset Class	CERS Pensions (Haz & Non-Haz)	Long Term
	Target Allocation	Expected Nominal Return
Public equity	50.00%	5.90%
Private equity	10.00%	11.73%
Core bonds	10.00%	2.45%
Specialty credit / high yield	10.00%	3.65%
Cash	0.00%	1.39%
Real estate	7.00%	4.99%
Real return	13.00%	5.15%
Expected Real Return	100.00%	5.75%
Long-Term Inflation Assumption		2.50%
Expected Nominal Return fro Portfolio		8.25%

### 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 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	Proportionate Share of Net Pension Liability		
	1% Decrease 5.50%	Current Rate 6.50%	1% Increase 7.50%
Non-hazardous	\$ 5,145,637	\$ 3,991,454	\$ 3,033,787
Hazardous	24,836,133	19,291,766	14,765,094
Total	29,981,770	23,283,220	17,798,881

### HEALTH INSURANCE – OTHER POST-EMPLOYMENT BENEFITS

#### Non-Hazardous OPEB Plan Description

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

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

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

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

### **Hazardous OPEB Plan Description**

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

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

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

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

## Contributions

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

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

For hazardous duty employees, the City contributed 2.12% of covered employees' compensation for the health insurance fund.

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

The City made all required contributions for the hazardous plan OPEB obligation for the fiscal year in the amount of \$143,941.

These contributions are actuarially determined as an amount that is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2025, the City recognized an OPEB benefit of \$1,250,993

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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in addition to its \$143,941 OPEB contribution.

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

At June 30, 2024, the City reported a liability of \$793,700 [(\$115,565) asset for the non-hazardous plan and a liability of \$909,265 for the hazardous plan as its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB Plan relative to the projected contributions of all governmental entities, actuarially determined. At the June 30, 2024 measurement year, the City's non-hazardous employer allocation proportion was 0.0668% of the total CERS non-hazardous duty employees and the hazardous employer allocation proportion was 0.7496% of the total CERS hazardous duty employees.

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

	Non-Hazardous		Hazardous		Total	
	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	\$ 64,114	\$ (909,266)	\$ 246,223	\$ (3,328,116)	\$ 310,337	\$ (4,237,382)
Net difference between projected and actual earnings on plan investments	-	(105,460)	-	(571,370)	-	(676,830)
Changes of assumptions	104,715	(81,543)	616,746	(800,212)	721,461	(881,755)
Changes in proportion and differences between contributions and proportionate share of contributions	29,508	(106,984)	(499,304)	(493,486)	528,812	(600,470)
Contributions subsequent to the measurement date	-	-	143,941	-	143,941	-
	<u>\$ 198,337</u>	<u>\$ (1,203,253)</u>	<u>\$ 507,606</u>	<u>\$ (5,193,184)</u>	<u>\$ 1,704,551</u>	<u>\$ (6,396,437)</u>

The City's contributions subsequent to the measurement date of \$0 for non-hazardous duty employees and \$143,941 for hazardous duty employees, will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:



<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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Measurement Year Ending June 30,	Net Deferral
2025	\$ (1,485,381)
2026	(1,181,846)
2027	(1,529,926)
2028	(719,348)
2029	80,675
Thereafter	-
	<u>\$ (4,835,826)</u>

### Basis of Calculations

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

### Assumptions

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

Investment Rate of Return	6.50% for CERS Non-hazardous
Inflation	2.50%
Salary Increases	3.30% to 10.30%, varies by service for CERS Non-hazardous
Payroll Growth Rate	2.0% for CERS Non-hazardous
Mortality	System specific mortality table based on experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.
Health Care Trend Rates	
Pre-65	Initial trend starting at 6.80% at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 8.50% in 2025, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement.

### Change in Assumptions - Plan

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

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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**Discount Rate**

The discount rate used to calculate the total OPEB liability increased from 5.93% to 5.99% for the nonhazardous plan. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2023, valuation process and was updated to better reflect the plan's anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in pre-Medicare healthcare costs.

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

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

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

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method	Level Percent of Pay
Amortization Period	30 years closed period at June 30, 2019; gains and losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0%
Investment Rate of Return	6.25%
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service for Non-hazardous
Mortality	System-specific mortality table based on mortality experience 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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#### Healthcare Trend Rates

Pre - 65

Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2023 premiums were known at the time of the valuation and were included into the liability measurement.

Post - 65

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

#### Changes of Assumptions - Contributions

The discount rates used to calculate the total OPEB liability (asset) increased from 5.93% to 5.99%. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2024 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. There were no other material assumption changes.

#### Plan Target Allocation

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

Asset Class	CERS Pensions (Haz & Non-Haz)	Long Term
	Target Allocation	Expected Nominal Return
Public equity	50.00%	4.15%
Private equity	10.00%	9.10%
Core bonds	10.00%	285.00%
Specialty credit / high yield	10.00%	3.82%
Cash	0.00%	1.70%
Real estate	7.00%	4.90%
Real return	13.00%	5.35%
Expected Real Return	100.00%	4.69%
Long-Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		7.19%

#### Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the proportionate share of the net OPEB liability calculated using the discount rates of 5.99% for the Non-hazardous plan and the 6.02% for the hazardous plan, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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	Proportionate Share of Net OPEB Liability		
	1.00% Decrease	Current Rate	1.00% Increase
Discount Rate, Non-Hazardous	4.99%	5.99%	6.99%
Net OPEB liability, Non-Haz	\$ 156,256	\$ (115,565)	\$ (344,112)
Discount Rate, Hazardous	5.02%	6.02%	7.02%
Net OPEB liability, Haz	\$ 2,512,783	\$ 909,265	\$ (430,786)
Total	\$ 2,669,039	\$ 793,700	\$ (774,898)

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

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

	Proportionate Share of Net OPEB Liability		
	1.00% Decrease	Current Rate	1.00% Increase
Healthcare cost trend rate			
Net OPEB liability, non-hazardous	\$ (278,034)	\$ (115,565)	\$ 73,701
Net OPEB liability, hazardous	(140,954)	909,265	2,136,742
Total	\$ (418,988)	\$ 793,700	\$ 2,210,443

**Plan Fiduciary Net Position**

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

**NOTE J – RISK MANAGEMENT**

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. To obtain insurance for workers' compensation and general liability coverage, the City participates in the Kentucky Employers Mutual Insurance (KEMI). This public City operates as a common risk management and insurance program for municipalities. The City pays an annual premium to Kentucky League of Cities Insurance Services (KLCIS) for its general insurance and liability coverage. KLCIS is self-sustaining through member premiums and will reinsure through a commercial company for claims in excess of \$10 million for each insured event. The City has effectively managed risk through various employee education and prevention programs.

The City continues to carry commercial insurance for all other risks or loss including accidental insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The City Attorney estimates that the amount of actual or potential claims against the City as of June 30, 2025, will not materially affect the financial condition of the City. Therefore, the General Fund reports no provision for estimated claims. No claim has exceeded insurance coverage amounts in the past three fiscal years.

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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The City established a Health and Dental Self-Insurance Fund. Until June 1, 2010, employees could elect to participate in this program or certain other medical insurance programs offered by the City for their health, dental and vision coverage. Under this program, the first \$40,000 of a participant's medical, dental or vision claims were payable by the self-insurance fund. The City purchased insurance for claims in excess of coverage provided by the fund. All departments of the City participated in the program and made payments to the medical self-insurance fund based on historical estimates of the amounts needed to pay prior and current year claims. As of June 1, 2010, the City elected to close the medical self-insurance plan and to fully insure employee health insurance through the State of Kentucky plan. However, dental and vision coverage were still included in the self-insurance fund. During FY 2016, the City elected to close the remaining portion on the self-insurance internal service fund and transfer all assets and liabilities of the fund to the General Fund. In July 2017, this fund was reactivated to include health, vision and dental coverage.

The claims liability of \$202,322 reported as of June 20, 2023, is based upon requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. Changes in the claims liability amount during the years ended June 30, 2017 through 2023 are as follows:

Year ended June 30,:	Beginning of Year	Premiums and Income	Claims Payments	End of Year
2025	\$ 202,323	\$ 1,806,815	\$ 1,582,763	\$ 426,375
2024	71,977	1,931,844	1,801,499	202,322
2023	140,068	1,717,843	1,785,933	71,978
2022	146,443	1,498,520	1,504,895	140,068
2021	82,683	1,641,731	1,577,971	146,443
2020	92,588	2,204,562	2,214,467	82,683
2019	1,253	1,744,795	1,653,460	92,588
2018	34,432	1,405,346	1,438,525	1,253
2017	-	505,240	470,808	34,432

The General Fund contains no provision for estimated legal claims. No claim has exceeded insurance coverage amounts in the past three fiscal years.

On the Government-wide Statement of Activities, the City recognizes, by functional area, both the expense (\$1,801,499) in governmental activities and the revenue (\$1,931,844) in charges for services of the internal service fund.

#### **NOTE K – COMMITMENTS AND CONTIGENCIES**

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

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the government.

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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**NOTE L – TAX ABATEMENTS**

In accordance with GASB 77, the City had the following tax abatements for the fiscal year ended June 30, 2025:

Tax Payer	Tax Approved for Abatement	Authority	Commitment	Amount Abated this Fiscal Year	Date Abatement Ends
		Erlanger Development Growth & Employment Program			
Arlinghaus HVAC	Occupational License Fee		10 Years	\$ 31,278	December 2027
		Erlanger Development Growth & Employment Program			
Atlas Air	Occupational License Fee		10 Years	\$ 90,856	December 2030
		Erlanger Development Growth & Employment Program			
Disabled American Veterans	Occupational License Fee		10 Years	\$ 66,802	December 2031
		Erlanger Development Growth & Employment Program			
Dynamic Catholic Inst.	Occupational License Fee		10 Years	\$ 20,288	December 2024
		Erlanger Development Growth & Employment Program			
St. Elizabeth Healthcare	Occupational License Fee		10 Years	\$ 174,160	December 2028
		Erlanger Development Growth & Employment Program			
Toyota Boshoku	Occupational License Fee		10 Years	\$ 83,034	December 2027
Total Abatement for the Year Ended June 30, 2025				<u>\$ 466,418</u>	

**NOTE M – CONDUIT DEBT OBLIGATION**

In October 2019, the City entered into an agreement with a developer to issue 2017A City of Erlanger Industrial Revenue Bonds in amount of \$35,000,000, 2018A City of Erlanger Industrial Revenue Bonds in the amount of \$18,000,000 and 2018B City of Erlanger Industrial Revenue Bonds in the amount of \$22,000,0000 to provide financial assistance to a private-sector developer for the construction of the Erlanger Commerce Center Project within the City. The bonds are secured by the properties financed and are payable solely from the developer. Neither the City nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements. As of June 30, 2025, the 2017A, 2018A and 2018B had outstanding principal amount totaling \$60,708,836. The breakdown is as follows:

2017A	\$ 25,003,836
2018A	16,204,000
<u>2018B</u>	<u>19,471,000</u>
<u>Total</u>	<u>\$ 60,708,836</u>

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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**NOTE N – COVID-19 GLOBAL PANDEMIC**

The primary effects on the City from the COVID-19 Global Pandemic has been a reduction in payroll and occupational license tax revenue received and an increase in unbudgeted expenses for personal protective equipment. City management is unsure of a timeline for when, or if, these revenues and expenses will return to pre-pandemic levels. The 2024-25 fiscal year budget has been passed to incorporate the effects of the pandemic on the revenues and expenses.

**NOTE O – CARES ACT FUNDING**

In response to the COVID-19 Global Pandemic, the City has qualified and been approved for \$2,640,517 in Federal CARES Act funding passed through the Commonwealth of Kentucky's Department for Local Government. In FY 2023, the City recognized \$1,285,810 as revenue. This funding has been designated to reimburse the City for payroll expenses for public safety employees during the pandemic. In FY 2024, the City recognized \$1,285,810 as revenue.

**NOTE P – RESTATEMENT/ERROR CORRECTION**

During the fiscal year, the City identified an error related to the accounting treatment of certain infrastructure assets. In prior years, infrastructure assets were removed from service and disposed of; however, the related accumulated depreciation associated with those assets remained recorded. As a result, accumulated depreciation and net position were overstated in prior periods.

A restatement of \$446,796 was recorded to remove the accumulated depreciation related to infrastructure assets that had been removed in prior years. This adjustment has been reported as a restatement of beginning net position in the government-wide Statement of Activities.

The effect of the error correction on the beginning net position is summarized as follows:

<b>Description</b>	<b>Amount</b>
Loss on disposal of capital assets	\$523,411
Adjustment to remove accumulated depreciation previously recorded	(76,615)
Net restatement	\$446,796 decrease

As a result of this correction, beginning net position for governmental activities was decreased by \$446,796. This adjustment does not affect current-year fund financial statements, as depreciation and capital assets are not reported at the fund level. No other prior periods presented were affected.

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

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

<b>CITY OF ERLANGER, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2025</b>
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**NOTE R – FUTURE ACCOUNTING STANDARDS**

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

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

**NOTE S – SUBSEQUENT EVENTS**

Management has evaluated events through December 2, 2025, the date on which the financial statements were available for issue. The City had no events subsequent to June 30, 2025 through December 2, 2025 to disclose.



## **REQUIRED SUPPLEMENTARY INFORMATION**

<b>CITY OF ERLANGER, KENTUCKY</b> <b>BUDGETARY COMPARISON SCHEDULE</b> <b>GENERAL FUND</b> <b>For the Year Ended June 30, 2025</b>
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	Budgeted Amounts			Actual	Variance
	Original	Amendments	Final	Amounts	Positive (Negative)
<b>Budgetary fund balance, July 1</b>	\$ 14,493,770	\$ -	\$ 14,493,770	\$ 19,166,022	\$ 4,672,252
<b>Resources (inflows):</b>					
Property taxes	4,432,158	-	4,432,158	4,385,671	(46,487)
Licenses and permits:	12,854,401	-	12,854,401	14,259,247	1,404,846
Intergovernmental	1,229,908	-	1,229,908	1,068,544	(161,364)
Charges for services	1,030,009	-	1,030,009	1,316,632	286,623
Fines and forfeitures	37,709	-	37,709	76,759	39,050
Interest, net of changes in investments	765,084	-	765,084	977,433	212,349
Uses of property	47,983	-	47,983	49,514	1,531
Miscellaneous	177,695	-	177,695	(206,916)	(384,611)
Transfers in	-	-	-	-	-
<b>Amounts available for appropriation</b>	<b>35,068,717</b>	<b>-</b>	<b>35,068,717</b>	<b>41,092,906</b>	<b>6,024,189</b>
<b>Charges to appropriations (outflows):</b>					
General government	2,743,950	60,000	2,803,950	2,701,925	102,025
Information systems	380,206	-	380,206	353,308	26,898
Police	7,824,571	-	7,824,571	7,490,975	333,596
Fire/EMS	6,304,307	-	6,304,307	5,605,353	698,954
Public works	3,309,890	-	3,309,890	2,911,679	398,211
Debt service and other bond costs	-	-	-	-	-
Transfers out	120,544	-	120,544	120,544	-
<b>Total charges to appropriation</b>	<b>20,683,468</b>	<b>60,000</b>	<b>20,743,468</b>	<b>19,183,784</b>	<b>1,559,684</b>
 <b>Budgetary fund balance, June 30</b>	 <b>\$ 14,385,249</b>	 <b>\$ (60,000)</b>	 <b>\$ 14,325,249</b>	 <b>\$ 21,909,122</b>	 <b>\$ 7,583,873</b>

The Budgetary Comparison Schedule is presented on a modified accrual budgetary basis.

**CITY OF ERLANGER, KENTUCKY**  
**MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT PENSION PLAN DISCLOSURE - NON-HAZARDOUS**  
**Last Ten Fiscal Years**

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of net pension liability	0.06674%	0.06526%	0.0679%	0.0754%	0.0710%	0.0737%	0.0916%	0.0929%	0.0852%	0.0886%
Proportionate share of the net pension liability (asset)	\$ 3,991,454	\$ 4,187,349	\$ 4,914,500	\$ 4,805,110	\$ 5,442,113	\$ 5,181,174	\$ 5,581,338	\$ 5,439,362	\$ 4,196,465	\$ 3,807,249
Covered payroll in year of measurement	2,324,479	2,128,309	1,975,373	2,047,298	2,095,188	1,952,888	2,454,079	2,378,000	2,309,017	2,304,677
Share of the net pension liability (asset) as a percentage of its covered payroll	171.71%	196.75%	248.79%	234.70%	259.74%	265.31%	227.43%	228.74%	181.74%	165.20%
Plan fiduciary net position as a percentage of total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	59.97%	59.97%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 507,526	\$ 542,533	\$ 498,024	\$ 418,186	\$ 395,129	\$ 404,371	\$ 316,758	\$ 355,351	\$ 331,731	\$ 286,701
Actual contribution	507,526	542,533	498,024	418,186	395,129	404,371	316,758	355,351	331,731	286,701
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	2,574,966	2,324,479	2,128,309	1,975,373	2,047,298	2,095,188	1,952,888	2,454,079	2,378,000	2,309,017
Contributions as a percentage of covered payroll	19.71%	23.34%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%

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

The net pension liability as of June 30, 2025, is based on the June 30, 2024, actuarial valuation.. The changes to the elements of the pension expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between City's contributions and proportionate share of contributions are detailed in NOTE I in the Notes to the Financial Statements.

**CITY OF ERLANGER, KENTUCKY**  
**MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT PENSION PLAN DISCLOSURE - HAZARDOUS**  
**Last Ten Fiscal Years**

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of net pension liability	0.7501%	0.7208%	0.6966%	0.8179%	0.7422%	0.7118%	0.7533%	0.7570%	0.7509%	0.7667%
Proportionate share of the net pension liability (asset)	\$ 19,433,338	\$ 19,433,338	\$ 21,257,153	\$ 21,774,147	\$ 22,377,903	\$ 19,661,908	\$ 18,218,212	\$ 16,935,997	\$ 12,885,342	\$ 11,769,986
Covered payroll in year of measurement	6,187,866	5,852,063	5,469,691	5,106,500	4,673,406	4,374,871	4,626,566	4,166,089	4,445,594	4,114,980
Share of the net pension liability (asset) as a percentage of its covered payroll	311.77%	332.08%	388.64%	426.40%	478.83%	449.43%	393.77%	406.52%	289.85%	286.03%
Plan fiduciary net position as a percentage of total pension liability	57.05%	52.96%	47.11%	52.26%	44.11%	46.63%	49.26%	49.80%	57.52%	57.52%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 2,477,555	\$ 2,543,832	\$ 2,505,268	\$ 1,852,037	\$ 1,535,014	\$ 1,404,826	\$ 1,087,593	\$ 1,027,098	\$ 904,458	\$ 900,878
Actual contribution	2,477,555	2,543,832	2,505,268	1,852,037	1,535,014	1,404,826	1,087,593	1,027,098	904,458	900,878
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	6,789,683	6,187,866	5,852,063	5,469,691	5,106,500	4,673,406	4,374,871	4,626,566	4,166,089	4,445,594
Contributions as a percentage of covered payroll	36.49%	41.11%	42.81%	33.86%	30.06%	30.06%	24.86%	22.20%	21.71%	20.26%

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

The net pension liability as of June 30, 2025 is based on the June 30, 2024, actuarial valuation.. The changes to the elements of the pension expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between City's contributions and proportionate share of contributions are detailed in NOTE I in the Notes to the Financial Statements.

**CITY OF ERLANGER, KENTUCKY**  
**MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT OPEB PLAN DISCLOSURE - NON-HAZARDOUS**  
**Last Ten Fiscal Years**

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of net OPEB liability	0.6681%	0.0653%	0.0679%	0.0754%	0.0710%	0.0740%	0.0916%	0.0929%		
Proportionate share of the net OPEB liability (asset)	\$ (115,565)	\$ (90,098)	\$ 1,341,417	\$ 1,442,481	\$ 1,714,072	\$ 1,245,370	\$ 1,627,032	\$ 1,868,171		
Covered payroll in year of measurement	2,324,479	2,128,309	1,975,373	2,047,298	2,095,188	1,952,888	2,454,079	2,378,000		
Share of the net OPEB liability (asset) as a percentage of its covered payroll	-4.970%	0.423%	67.91%	70.46%	81.81%	63.77%	66.30%	78.56%		
Plan fiduciary net position as a percentage of total OPEB liability	104.89%	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%		

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ -	\$ -	\$ 72,150	\$ 114,177	\$ 97,451	\$ 99,731	\$ 102,722	\$ 115,342	\$ 112,479	
Actual contribution	-	-	72,150	114,177	97,451	99,731	102,722	115,342	112,479	
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	
Covered payroll	2,574,966	2,324,479	2,128,309	1,975,373	2,047,298	2,095,188	1,952,888	2,454,079	2,378,000	
Contributions as a percentage of covered payroll	0.00%	0.00%	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%	4.73%	

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

The net OPEB liability as of June 30, 2025, is based on the June 30, 2024, actuarial valuation.. The changes to the elements of the OPEB expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between City's contributions and proportionate share of contributions are detailed in NOTE I in the Notes to the Financial Statements.

**CITY OF ERLANGER, KENTUCKY**  
**MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT OPEB PLAN DISCLOSURE - HAZARDOUS**  
**Last Ten Fiscal Years**

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of net OPEB liability	0.7496%	0.7204%	0.6963%	0.8179%	0.7427%	0.7123%	0.7534%	0.7570%		
Proportionate share of the net OPEB liability (asset)	\$ 909,265	\$ 985,604	\$ 5,930,763	\$ 6,613,296	\$ 6,863,101	\$5,269,984	\$5,371,201	\$6,257,829		
Covered payroll in year of measurement	6,187,866	5,852,063	5,469,691	5,106,500	4,673,406	4,374,871	4,626,566	4,166,089		
Share of the net OPEB liability (asset) as a percentage of its covered payroll	14.69%	16.84%	108.43%	129.51%	146.85%	120.46%	116.09%	150.21%		
Plan fiduciary net position as a percentage of total OPEB liability	93.53%	92.72%	64.13%	66.81%	64.44%	64.24%	64.24%	59.00%		

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 143,941	\$ 159,647	\$ 396,770	\$ 572,677	\$ 486,139	\$ 444,908	\$ 458,049	\$ 432,584	\$ 389,529	
Actual contribution	143,941	159,647	396,770	572,677	486,139	444,908	458,049	432,584	389,529	
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	
Covered payroll	6,789,683	6,187,866	5,852,063	5,469,691	5,106,500	4,673,406	4,374,871	4,626,566	4,166,089	
Contributions as a percentage of covered payroll	2.12%	2.58%	6.78%	10.47%	9.52%	9.52%	10.47%	9.35%	9.35%	

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

The net OPEB liability as of June 30, 2025, is based on the June 30, 2024, actuarial valuation.. The changes to the elements of the OPEB expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between City's contributions and proportionate share of contributions are detailed in NOTE I in the Notes to the Financial Statements.

## **SUPPLEMENTARY INFORMATION**

**CITY OF ERLANGER, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL ASSETS FUND**  
**For the Year Ended June 30, 2025**

	Budgeted Amounts			Actual	Variance with
	Original	Amendments	Final	Amounts	Final Budget - Positive (Negative)
<b>Budgetary fund balances, July 1</b>	\$ 5,228,984	\$ -	\$ 5,228,984	\$ 5,246,762	\$ 17,778
<b>Resources (inflows):</b>					
License and permits	3,204,718	-	3,204,718	3,239,516	34,798
Grant revenue	1,281,524	-	1,281,524	3,004	(1,278,520)
Sale of assets	25,120	-	25,120	41,543	16,423
Transfers in	-	-	-	-	-
<b>Amounts available for appropriation</b>	<u>9,740,346</u>	<u>-</u>	<u>9,740,346</u>	<u>8,530,825</u>	<u>(1,209,521)</u>
<b>Charges to appropriations (outflows):</b>					
Capital outlay	9,327,253	99,567	9,426,820	6,927,253	2,499,567
<b>Total appropriations</b>	<u>9,327,253</u>	<u>99,567</u>	<u>9,426,820</u>	<u>6,927,253</u>	<u>2,499,567</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ 413,093</u>	<u>\$ (99,567)</u>	<u>\$ 313,526</u>	<u>\$ 1,603,572</u>	<u>\$ 1,290,046</u>

**Note - Other supplementary information:** The basis of budgeting is the same as GAAP



**CITY OF ERLANGER, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**POLICE FORFEITURE FUND**  
**For the Year Ended June 30, 2025**

	Budgeted Amounts			Actual	Variance with
	Original	Amendments	Final	Amounts	Final Budget -
					Positive
					(Negative)
<b>Budgetary fund balances, July 1</b>	\$ 62,651	\$ -	\$ 62,651	\$ 77,024	\$ 14,373
<b>Resources (inflows):</b>					
Fines and forfeitures	2,000	-	2,000	84,533	82,533
Interest	-	-	-	-	-
<b>Amounts available for appropriation</b>	<u>64,651</u>	<u>-</u>	<u>64,651</u>	<u>161,557</u>	<u>96,906</u>
<b>Charges to appropriations (outflows):</b>					
Police vehicles	20,000	-	20,000	2,880	17,120
Police equipment	7,200	-	7,200	9,910	(2,710)
<b>Budgetary fund balances, June 30</b>	<u>\$ 37,451</u>	<u>\$ -</u>	<u>\$ 37,451</u>	<u>\$ 148,767</u>	<u>\$ 111,316</u>

**Note - Other supplementary information:** The basis of budgeting is the same as GAAP

**CITY OF ERLANGER, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**PARK FUND**  
**For the Year Ended June 30, 2025**

	Budgeted Amounts			Actual	Variance with
	Original	Amendments	Final	Amounts	Final Budget - Positive (Negative)
<b>Budgetary fund balances, July 1</b>	\$ 944,456	\$ -	\$ 944,456	\$ 1,014,333	\$ 69,877
<b>Resources (inflows):</b>					
Taxes	500,000	-	500,000	529,489	29,489
Interest	-	-	-	-	-
Grants			-	-	-
Transfers in	120,544		120,544	120,544	-
<b>Amounts available for appropriation</b>	<u>1,565,000</u>	<u>-</u>	<u>1,565,000</u>	<u>1,664,366</u>	<u>99,366</u>
<b>Charges to appropriations (outflows):</b>					
City Parks	<u>1,565,000</u>	<u>-</u>	<u>1,565,000</u>	<u>849,919</u>	<u>715,081</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 814,447</u>	<u>\$ 814,447</u>

**Note - Other supplementary information:** The basis of budgeting is the same as GAAP

**CITY OF ERLANGER, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**TIF FUND**  
**For the Year Ended June 30, 2025**

	Budgeted Amounts			Actual	Variance with
	Original	Amendments	Final	Amounts	Final Budget -
					Positive
					(Negative)
<b>Budgetary fund balances, July 1</b>	\$ 93,355	\$ -	\$ 93,355	\$ 276,002	\$ 182,647
<b>Resources (inflows):</b>					
Licenses & Permits	459,641	-	459,641	465,724	6,083
Interest	-	-	-	-	-
<b>Amounts available for appropriation</b>	<u>552,996</u>	<u>-</u>	<u>552,996</u>	<u>741,726</u>	<u>188,730</u>
<b>Charges to appropriations (outflows):</b>					
Infrastructure Development	469,641	-	469,641	465,723	3,918
<b>Budgetary fund balances, June 30</b>	<u>\$ 83,355</u>	<u>\$ -</u>	<u>\$ 83,355</u>	<u>\$ 276,003</u>	<u>\$ 192,648</u>

**Note - Other supplementary information:** The basis of budgeting is the same as GAAP

**CITY OF ERLANGER, KENTUCKY**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2025**

	<b>Special Revenue Funds</b>			<b>Total Nonmajor Governmental Funds</b>
	<b>Police Forfeiture</b>	<b>Park Fund</b>	<b>TIF Fund</b>	
<b>Assets</b>				
Cash and cash equivalents	\$ 148,814	\$ 957,185	\$ 276,003	\$ 1,382,002
Other receivables	-	-	-	-
<b>Total Assets</b>	<u>\$ -</u>	<u>\$ 957,185</u>	<u>\$ -</u>	<u>\$ 1,382,002</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 47	\$ 142,738	\$ -	\$ 142,785
<b>Total Liabilities</b>	<u>47</u>	<u>142,738</u>	<u>-</u>	<u>142,785</u>
<b>Fund Balances:</b>				
Restricted	148,767	814,447	276,003	1,239,217
<b>Total Fund Balances</b>	<u>148,767</u>	<u>814,447</u>	<u>276,003</u>	<u>1,239,217</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 148,814</u>	<u>\$ 957,185</u>	<u>\$ 276,003</u>	<u>\$ 1,382,002</u>

**CITY OF ERLANGER, KENTUCKY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2025**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Police Forfeiture	Park Fund	TIF Fund	
<b>Revenues</b>				
Taxes	\$ -	\$ 529,489	\$ -	\$ 529,489
Licenses and permits	-	-	465,723	465,723
Fines and forfeitures	84,533	-	-	84,533
Other Grants	-	-	-	-
<b>Total Revenues</b>	<b>84,533</b>	<b>529,489</b>	<b>465,723</b>	<b>1,079,745</b>
<b>Expenditures</b>				
Current:				
General government	-	-	465,723	465,723
Information systems	-	-	-	-
Police	12,790	-	-	12,790
Fire/EMS	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	849,919	-	849,919
<b>Total Expenditures</b>	<b>12,790</b>	<b>849,919</b>	<b>465,723</b>	<b>1,328,432</b>
Excess (deficiency) of revenues over (under) expenditures	71,743	(320,430)	-	(248,687)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	120,544	-	120,544
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>120,544</b>	<b>-</b>	<b>120,544</b>
<b>Net Change in Fund Balances</b>	<b>71,743</b>	<b>(199,886)</b>	<b>-</b>	<b>(128,143)</b>
<b>Fund Balances - Beginning</b>	<b>77,024</b>	<b>1,014,333</b>	<b>276,003</b>	<b>1,367,360</b>
<b>Fund Balances - Ending</b>	<b>\$ 148,767</b>	<b>\$ 814,447</b>	<b>\$ 276,003</b>	<b>\$ 1,239,217</b>

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

## **STATISTICAL SECTION**

## STATISTICAL SECTION NARRATIVE

The Statistical Section of the City of Erlanger's Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding the information in the financial statements, notes and supplementary information as it pertains to the overall financial health of the City.

### **Section 1: Financial Trend Data:**

Pages 71-75

These tables contain trend information to help the reader understand how the City's financial status has changed in recent years.

### **Section 2: Revenue Capacity:**

Pages 76-80

These tables contain information to help the reader assess the City's most significant local sources of revenue.

### **Section 3: Debt Capacity:**

Pages 81-84

These tables include information to help the reader assess the affordability of the City's current outstanding debt and its ability to issue additional debt in the future.

### **Section 4: Demographic and Economic Information:**

Pages 85-86

This table shows demographic and economic indicators to help the reader understand the local environment in which the City's financial activities take place.

### **Section 5: Operating Information:**

Pages 87-89

These tables contain service and infrastructure data to help the reader understand how the information contained in this report relates to the City's services and activities.

**CITY OF ERLANGER, KENTUCKY**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting - amounts**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Governmental activities</b>										
Net investment in capital assets	\$ 18,730	\$ 21,157	\$ 24,155	\$ 26,670	\$ 27,121	\$ 27,858	\$ 33,029	\$ 33,203	\$ 38,197	\$ 43,324
Restricted for police equipment	189	184	216	178	193	145	649	535	1,367	1,239
Unrestricted	2,698	2,928	(5,449)	(9,237)	(11,058)	(12,851)	(11,670)	(7,415)	(5,091)	(3,456)
<b>Total governmental activities net position</b>	<b>\$ 21,617</b>	<b>\$ 24,269</b>	<b>\$ 18,922</b>	<b>\$ 17,611</b>	<b>\$ 16,256</b>	<b>\$ 15,152</b>	<b>\$ 22,008</b>	<b>\$ 26,323</b>	<b>\$ 34,473</b>	<b>\$ 41,107</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	-
<b>Total business-type activities net position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 18,730	\$ 21,157	\$ 21,455	\$ 26,670	\$ 27,121	\$ 27,858	\$ 33,029	\$ 33,203	\$ 38,197	\$ 43,324
Restricted	189	184	216	178	193	145	649	535	1,367	1,239
Unrestricted	2,698	2,928	(5,449)	(9,237)	(11,058)	(12,851)	(11,670)	(7,415)	(5,091)	(3,456)
<b>Total primary government net position</b>	<b>\$ 21,617</b>	<b>\$ 24,269</b>	<b>\$ 16,222</b>	<b>\$ 17,611</b>	<b>\$ 16,256</b>	<b>\$ 15,152</b>	<b>\$ 22,008</b>	<b>\$ 26,323</b>	<b>\$ 34,473</b>	<b>\$ 41,107</b>



# CITY OF ERLANGER, KENTUCKY

## CHANGES IN NET POSITION

### Last Ten Fiscal Years

(accrual basis of accounting - amounts in thousands)

Program Revenues	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 482	\$ 442	\$ 288	\$ 404	\$ 706	\$ 342	\$ 1,352	\$ 1,360	\$ 1,339	\$ 1,493
Police	1,505	1,508	1,546	754	1,001	726	660	795	858	1,090
Fire/EMS	621	681	557	1,123	1,227	1,163	1,282	1,416	1,607	1,579
Public works	13	26	5	219	256	221	225	333	269	230
Operating grants and contributions	639	690	677	705	1,974	1,311	3,640	2,491	2,340	1,044
Capital grants and contributions	-	113	97	271	76	234	8	995	37	3
<b>Total governmental activities program revenues</b>	<b>3,260</b>	<b>3,460</b>	<b>3,170</b>	<b>3,476</b>	<b>5,240</b>	<b>3,997</b>	<b>7,167</b>	<b>7,390</b>	<b>6,450</b>	<b>5,439</b>
<b>Business-type activities:</b>										
Charges for services:										
Advanced life support	-	-	-	-	-	-	-	-	-	-
Emergency dispatch	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total primary government program revenues</b>	<b>\$ 3,260</b>	<b>\$ 3,460</b>	<b>\$ 3,170</b>	<b>\$ 3,476</b>	<b>\$ 5,240</b>	<b>\$ 3,997</b>	<b>\$ 7,167</b>	<b>\$ 7,390</b>	<b>\$ 6,450</b>	<b>\$ 5,439</b>
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 1,979	\$ 2,089	\$ 2,410	\$ 2,972	\$ 2,751	\$ 3,473	\$ 2,780	\$ 2,573	\$ 2,861	\$ 3,175
Police	6,127	6,239	7,580	7,303	8,352	8,227	7,648	7,845	7,245	7,556
Fire/EMS	4,110	4,323	5,250	6,724	6,897	7,004	6,155	6,292	6,019	5,588
Public works	2,607	2,893	3,139	3,584	4,425	3,989	3,871	4,291	4,556	4,261
Information systems	670	699	776	691	683	699	349	357	390	364
Interest on long-term debt	160	100	71	44	22	10	7	5	(1)	-
<b>Total governmental activities expenses</b>	<b>15,653</b>	<b>16,343</b>	<b>19,226</b>	<b>21,318</b>	<b>23,130</b>	<b>23,402</b>	<b>20,810</b>	<b>21,363</b>	<b>21,070</b>	<b>20,944</b>
<b>Business-type activities:</b>										
Advanced life support	-	-	-	-	-	-	-	-	-	-
Emergency dispatch	-	-	-	-	-	-	-	-	-	-
<b>Total business-type activities expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total primary government expenses</b>	<b>\$ 15,653</b>	<b>\$ 16,343</b>	<b>\$ 19,226</b>	<b>\$ 21,318</b>	<b>\$ 23,130</b>	<b>\$ 23,402</b>	<b>\$ 20,810</b>	<b>\$ 21,363</b>	<b>\$ 21,070</b>	<b>\$ 20,944</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (12,393)	\$ (12,883)	\$ (16,056)	\$ (17,842)	\$ (17,890)	\$ (19,405)	\$ (13,643)	\$ (13,973)	\$ (14,620)	\$ (15,505)
Business-type activities	-	-	-	-	-	-	-	-	-	-
<b>Total primary government net (expense)/revenue</b>	<b>\$ (12,393)</b>	<b>\$ (12,883)</b>	<b>\$ (16,056)</b>	<b>\$ (17,842)</b>	<b>\$ (17,890)</b>	<b>\$ (19,405)</b>	<b>\$ (13,643)</b>	<b>\$ (13,973)</b>	<b>\$ (14,620)</b>	<b>\$ (15,505)</b>

continued

**CITY OF ERLANGER, KENTUCKY****CHANGES IN NET POSITION****Last Ten Fiscal Years****(accrual basis of accounting - amounts in thousands)**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Taxes and licenses:										
Property taxes, levied for general purposes	\$ 4,214	\$ 4,158	\$ 4,141	\$ 4,456	\$ 4,408	\$ 4,409	\$ 4,517	\$ 4,897	\$ 4,897	\$ 4,741
Public service taxes	343	369	500	359	341	346	320	42	42	248
Taxes, levied for bank deposits										31
Payroll license	5,785	5,707	5,384	5,544	5,852	4,190	8,376	9,332	9,332	10,035
Occupational	1,160	1,259	1,182	1,389	1,092	1,159	1,644	1,505	1,505	1,769
Insurance premium	3,107	3,315	3,385	3,620	3,702	4,247	4,068	4,362	4,362	5,128
Other	664	718	771	880	895	862	-	-	-	-
Grants and contributions - non-program specific	53	8	-	-	-	-	-	-	-	-
Investment earnings	94	38	130	183	977	125	81	765	765	1,114
Miscellaneous	191	(37)	(32)	100	694	93	(319)	132	132	(91)
Transfers and other	-	-	-	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>15,610</b>	<b>15,535</b>	<b>15,461</b>	<b>16,531</b>	<b>17,961</b>	<b>15,431</b>	<b>18,687</b>	<b>21,035</b>	<b>21,035</b>	<b>22,975</b>
<b>Business-type activities:</b>										
Transfers	-	-	-	-	-	-	-	-	-	-
<b>Total business-type activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 15,610</b>	<b>\$ 15,535</b>	<b>\$ 15,461</b>	<b>\$ 16,531</b>	<b>\$ 17,961</b>	<b>\$ 15,431</b>	<b>\$ 18,687</b>	<b>\$ 21,035</b>	<b>\$ 21,035</b>	<b>\$ 22,975</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 3,217	\$ 2,652	\$ (595)	\$ (1,311)	\$ 71	\$ (3,974)	\$ 5,044	\$ 6,067	\$ 6,067	\$ 8,357
Business-type activities	-	-	-	-	-	-	-	-	-	-
<b>Total change in net position</b>	<b>\$ 3,217</b>	<b>\$ 2,652</b>	<b>\$ (595)</b>	<b>\$ (1,311)</b>	<b>\$ 71</b>	<b>\$ (3,974)</b>	<b>\$ 5,044</b>	<b>\$ 6,067</b>	<b>\$ 6,067</b>	<b>\$ 8,357</b>

# CITY OF ERLANGER, KENTUCKY

## Fund Balances - Governmental Funds

### Last Ten Fiscal Years

(modified accrual basis of accounting - amounts in thousands)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>General fund</b>										
Nonspendable	\$ 104	\$ 96	\$ 91	\$ 112	\$ 370	\$ 182	\$ 198	\$ 210	\$ 141	\$ 183
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	10,392	10,578	10,718
Unassigned	12,533	14,359	14,791	13,173	14,594	10,851	17,351	4,983	8,446	11,008
Restricted	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
<b>Total general fund</b>	<b>\$ 12,637</b>	<b>\$ 14,455</b>	<b>\$ 14,882</b>	<b>\$ 13,285</b>	<b>\$ 14,964</b>	<b>\$ 11,033</b>	<b>\$ 17,549</b>	<b>\$ 15,585</b>	<b>\$ 19,165</b>	<b>\$ 21,909</b>
<b>All other governmental funds</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	190	184	216	178	193	145	649	535	1,367	1,239
Committed	2,248	1,857	932	2,283	1,743	2,444	2,483	8,313	5,247	10,578
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 2,437</b>	<b>\$ 2,040</b>	<b>\$ 1,148</b>	<b>\$ 2,461</b>	<b>\$ 1,936</b>	<b>\$ 2,589</b>	<b>\$ 3,132</b>	<b>\$ 8,848</b>	<b>\$ 6,614</b>	<b>\$ 11,817</b>

In 2010, the City adopted GASB 54, which reclassified reservations of fund balance. The new presentation replaced **Unreserved** with **Unassigned**, and added new classifications for **Nonspendable**, **Committed**, and **Assigned**. Based upon the new guidelines, the City reviewed its classifications and reclassified several balances as **Committed**, **Assigned**, and **Restricted**.

**CITY OF ERLANGER, KENTUCKY****Changes In Fund Balances - Governmental Funds****Last Ten Fiscal Years****(modified accrual basis of accounting - amounts in thousands)**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenues</b>										
Taxes	\$ 4,538	\$ 4,508	\$ 4,630	\$ 4,904	\$ 4,609	\$ 4,768	\$ 4,893	\$ 4,432	\$ 4,558	\$ 4,386
Licenses and permits	10,716	10,999	10,723	11,433	11,541	13,256	15,057	12,854	14,205	14,259
Intergovernmental	692	836	799	1,002	2,067	1,604	3,630	2,516	2,365	1,068
Fines and forfeitures	128	64	92	43	60	35	81	38	30	77
Charges for services	2,053	2,143	2,072	642	631	706	890	1,030	1,020	1,317
Uses of property/bond assessments	441	391	280	76	278	51	99	48	65	49
Interest	93	38	130	183	172	125	81	765	1,115	977
Miscellaneous	169	49	7	69	86	264	(298)	177	135	(206)
<b>Total revenues</b>	<b>18,831</b>	<b>19,028</b>	<b>18,734</b>	<b>18,352</b>	<b>19,444</b>	<b>20,809</b>	<b>24,433</b>	<b>21,860</b>	<b>23,493</b>	<b>21,927</b>
<b>Expenditures</b>										
Current:										
General government	1,754	1,890	2,000	2,333	2,226	3,027	2,585	2,399	2,427	2,702
Police	5,663	5,645	6,011	4,996	5,695	5,848	6,109	6,820	6,825	7,491
Fire/EMS	3,620	3,723	4,004	4,421	4,490	4,765	4,811	5,433	5,682	5,605
Public works	1,850	2,124	2,062	2,199	3,087	2,631	2,610	2,889	3,283	2,912
Information systems	642	679	702	578	603	672	329	352	379	353
Capital outlay	2,372	2,681	3,559	3,414	2,238	2,677	5,266	-	-	-
Debt service										
Principal	725	775	805	665	70	70	75	80	-	-
Interest	148	88	59	29	9	7	4	1	-	-
Other bond costs	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>16,774</b>	<b>17,604</b>	<b>19,201</b>	<b>18,635</b>	<b>18,418</b>	<b>19,697</b>	<b>21,789</b>	<b>17,974</b>	<b>18,596</b>	<b>19,063</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,057</b>	<b>1,423</b>	<b>(467)</b>	<b>(283)</b>	<b>1,026</b>	<b>1,112</b>	<b>2,644</b>	<b>3,886</b>	<b>4,897</b>	<b>2,864</b>
<b>Other financing sources (uses)</b>										
Bonds and other debt issued	-	-	-	-	-	-	-	-	-	-
Refunded bonds paid	-	-	-	-	-	-	-	-	-	-
Transfers in	635	610	820	2,594	128	1,034	2,300	5,900	-	-
Transfers out	(552)	(610)	(820)	(2,594)	-	-	(2,300)	(5,900)	(1,266)	(120)
<b>Total other financing sources (uses)</b>	<b>83</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>128</b>	<b>1,034</b>	<b>-</b>	<b>-</b>	<b>(1,266)</b>	<b>(120)</b>
<b>Net change in fund balance</b>	<b>\$ 2,139</b>	<b>\$ 1,423</b>	<b>\$ (467)</b>	<b>\$ (283)</b>	<b>\$ 1,154</b>	<b>\$ 2,146</b>	<b>\$ 2,644</b>	<b>\$ 3,886</b>	<b>\$ 3,631</b>	<b>\$ 2,744</b>
<b>Debt service as a percentage of non capital expenditures</b>	<b>6.06%</b>	<b>5.78%</b>	<b>5.52%</b>	<b>4.56%</b>	<b>0.49%</b>	<b>0.45%</b>	<b>0.48%</b>	<b>0.45%</b>	<b>0.00%</b>	<b>0.00%</b>

**CITY OF ERLANGER, KENTUCKY**  
**GOVERNMENTAL ACTIVITIES - TAX REVENUES BY SOURCE**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting - amounts in thousands)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Public Service Tax</b>
2016	4,214	343
2017	4,158	369
2018	4,130	500
2019	4,545	359
2020	4,268	340
2021	4,422	346
2022	4,501	320
2023	4,609	304
2024	4,493	248
2025	4,094	291

**CITY OF ERLANGER, KENTUCKY**  
**ASSESSED VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**(amounts in thousands)**

<b>Fiscal Year</b>	<b>Real Property</b>			<b>Less:</b>	<b>Total Taxable</b>	<b>Total</b>
<b>June 30</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Personal Property</b>	<b>Tax-Exempt Real Property Tax</b>	<b>Assessed Value</b>	<b>Direct Rate</b>
2015	794,521	453,234	73,319	188,207	1,132,867	0.357
2016	811,273	481,245	73,132	193,497	1,172,153	0.347
2017	823,747	487,239	70,984	195,646	1,186,324	0.337
2018	836,490	488,175	82,557	197,868	1,209,354	0.330
2019	860,781	507,502	78,324	213,353	1,233,254	0.323
2020	921,680	543,076	58,435	218,739	1,304,452	0.317
2021	939,821	614,731	87,604	269,844	1,372,312	0.310
2022	985,413	627,090	130,274	271,704	1,471,073	0.307
2023	1,029,406	656,419	125,541	285,218	1,526,148	0.301
2024	1,412,729	699,690	201,918	316,957	1,997,380	0.248
2025	1,438,258	662,452	115,436	320,615	1,829,762	0.247

Source: Kenton County PVA

<b>CITY OF ERLANGER, KENTUCKY</b> <b>DIRECT AND OVERLAPPING GOVERNMENTS PROPERTY TAX RATES (1)</b> <b>Last Ten Fiscal Years</b>
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Fiscal Year	Direct Rate	Overlapping Rates						Total Direct and Overlapping Rates
	City of Erlanger	State of Kentucky	County			Area Planning	Other	
			Kenton County	Erlanger-Elsmere School District	Library			
2016	0.347	0.1220	0.1480	0.8880	0.1130	0.0293	0.0290	1.6763
2017	0.337	0.1220	0.1480	0.9210	0.1130	0.0290	0.0290	1.6990
2018	0.330	0.1220	0.1480	0.9550	0.1130	0.0290	0.0290	1.7260
2019	0.323	0.1220	0.1590	0.9750	0.1130	0.0295	0.0290	1.7505
2020	0.317	0.1220	0.1590	1.0010	0.1130	0.0268	0.0358	1.7746
2021	0.310	0.1190	0.1540	1.0230	0.1130	0.0225	0.0360	1.7775
2022	0.307	0.1190	0.1440	1.0200	0.1100	0.0210	0.0360	1.7570
2023	0.301	0.1140	0.1330	0.8920	0.1050	0.0200	0.0350	1.6000
2024	0.248	0.1140	0.1330	0.8920	0.1050	0.0200	0.0350	1.5470
2025	0.247	0.1090	0.1250	0.9450	0.1030	0.0190	0.0340	1.5820

(1) Per \$100 assessed valuation

**CITY OF ERLANGER, KENTUCKY**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**Current Year and Ten Years Ago**

Taxpayer	2024			2016		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
United Dairy Farmers Inc.	\$ 33,621,729	1	1.87%			
Thoroughbred Health LLC	29,490,300	2	1.64%			
TLP 400 Kenton LLC	26,500,000	3	1.48%			
Wild Flavors Inc.	24,242,838	4	1.35%			
OAP/VER Erlanger KY LLC	17,547,300	5	0.98%			
CCBCC Operations LLC	17,414,239	6	0.97%			
Duro Hilex Poly LLC	15,088,556	7	0.84%			
535 Greenfield Lane LLC	13,214,000	8	0.74%			
Archer-Daniels-Midland Co	13,058,000	9	0.73%			
Silverlake Properties LTD	12,000,000	10	0.67%			
Wild Flavors Inc.				\$ 24,667,379	1	1.81%
United Dairy Farmers Inc.				17,635,036	2	1.29%
Dolwick Business Center				11,982,800	3	0.87%
SIR Properties Trust				10,840,000	4	0.79%
MCW RC Kentucky LLC				10,648,000	5	0.78%
MLD Kentucky LLC				9,200,000	6	0.67%
Fath Bluegrass Manor LLC				9,000,000	7	0.66%
Toyota Motor Mfg.				8,467,893	8	0.62%
Jamike Properties LLC				8,460,000	9	0.62%
National Amusements, Inc.				8,291,600	10	0.61%
	<u>\$202,176,962</u>		<u>11.26%</u>	<u>\$119,192,708</u>		<u>8.72%</u>

Source: Kenton County PVA



**CITY OF ERLANGER, KENTUCKY**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**  
**(amounts in thousands)**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percentage of Levy
2016	3,802	3,688	97%	31	3,719	98%
2017	3,756	3,650	98%	27	3,672	98%
2018	3,708	3,601	98%	34	3,635	98%
2019	3,811	3,752	98%	20	3,772	99%
2020	3,949	3,866	98%	25	3,891	99%
2021	3,957	3,918	99%	27	3,943	100%
2022	4,169	4,108	99%	25	3,582	86%
2023	4,658	4,590	99%	25	3,666	79%

**CITY OF ERLANGER, KENTUCKY**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**  
**(amounts in thousands)**

Fiscal Year	Governmental Activities			Business-type Activities	Total Primary Government	Per Capita	Percentage of Per Capita Personal Income
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Capital Leases			
2016	1,715	825	-	-	2,540	140	0.68%
2017	1,255	510	-	-	1,765	98	0.71%
2018	785	175	-	-	960	53	0.82%
2019	295	-	-	-	295	16	1.00%
2020	237	-	-	-	237	13	1.00%
2021	160	-	-	-	190	9	1.00%
2022	81	-	-	-	81	4	0.02%
2023	-	-	-	-	-	-	0.00%
2024	-	-	-	-	-	-	0.00%
2025	-	-	-	-	-	-	0.00%

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

<b>CITY OF ERLANGER, KENTUCKY</b> <b>RATIOS OF GENERAL BONDED DEBT OUTSTANDING</b> <b>Last Ten Fiscal Years</b> <b>(amounts in thousands)</b>
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**Governmental Activities**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
2016	1,715	-	0.15%	95
2017	1,255	-	0.11%	69
2018	785	-	0.06%	43
2019	295	-	0.02%	16
2020	237	-	0.02%	13
2021	160	-	0.01%	9
2022	81	-	0.01%	4
2023	-	-	0.00%	-
2024	-	-	-	-
2025	-	-	-	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) See the Schedule of Assessed Value of Taxable property for property value data.
- (2) Population data can be found in the Schedule of Demographic and Economic Statistics.

**CITY OF ERLANGER, KENTUCKY****DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

June 30, 2025

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable<sup>(3)</sup></b>	<b>Estimated Share of Overlapping Debt</b>
<b>Debt repaid with property taxes:</b>			
Kenton County (1)	\$ 81,240,737	2.90%	\$ 2,355,981
Erlanger-Elsmere School District (2)	12,365,000	68.15%	8,426,748
<b>Subtotal, overlapping debt</b>			10,782,729
<b>City of Erlanger direct debt</b>			-
<b>Total direct and overlapping debt</b>			<u>\$ 10,782,729</u>

Source: Kentucky local Debt Report

<sup>(1)</sup> Kenton County Treasurer's office<sup>(2)</sup> Erlanger-Elsmere Board of Education, Finance Department<sup>(3)</sup> The percentage overlapping debt applicable to the City is estimated using the percentage of Erlanger residents in each of the overlapping districts as measured by the 2020 U.S. census.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Erlanger. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**CITY OF ERLANGER, KENTUCKY**  
**LEGAL DEBT MARGIN INFORMATION**  
**Last Ten Fiscal Years**  
**(amounts in thousands)**

**Legal Debt Margin Calculation for Fiscal Year 2025**

Assessed value	\$ 2,150,378
Add back: exempt real property	320,615
Total assessed value	<u>\$ 2,470,993</u>

Debt limit (10% of total taxable assessed value)	<u>\$ 247,099</u>
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Debt applicable to limit:

General obligation bonds	-
Less: amount set aside for repayment of general obligation debt	<u>-</u>
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 247,099</u>

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	\$ 136,565	\$ 138,197	\$ 140,722	\$ 144,661	\$ 164,216	\$ 164,216	\$ 174,278	\$ 181,137	\$ 242,938	\$ 247,099
Total debt applicable to limit	1,715	1,255	785	295	160	160	81	-	-	-
Legal debt margin	134,850	136,942	139,937	144,366	164,056	164,056	174,197	181,137	242,938	247,099
Total debt applicable to the limit as a percentage of debt limit	1.26%	0.91%	0.56%	0.20%	0.10%	0.10%	0.05%	0.00%	0.00%	0.00%

Note: Under state finance law, the City's outstanding debt should not exceed 10 percent of assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

<b>CITY OF ERLANGER, KENTUCKY</b> <b>DEMOGRAPHIC AND ECONOMIC STATISTICS</b> <b>Last Ten Fiscal Years</b>
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<b>Fiscal Year</b>	<b>Population<sup>(1)</sup></b>	<b>Total Personal Income Expressed in Thousands<sup>(1)</sup></b>	<b>Per Capita Income<sup>(1)</sup></b>	<b>Median Age<sup>(1)</sup></b>	<b>Unemployment Rate<sup>(2)</sup></b>
2016	18,082	498,322	27,559	35.5	4.4%
2017	18,082	498,322	27,559	35.5	4.6%
2018	18,082	498,322	27,559	35.5	3.6%
2019	18,082	498,322	27,559	35.5	4.1%
2020	18,082	498,322	27,559	35.5	13.8%**
2021	18,084	498,322	26,945	35.5	5.0%
2022	19,106	498,322	26,082	39.1	4.6%
2023	19,710	498,322	36,518	39.1	4.6%
2024	19,826	498,322	39,877	39.0	4.5%
2025	20,412	498,322	40,672	39.0	4.2%

<sup>(1)</sup> U.S. Census Bureau - 2020

<sup>(2)</sup> Kentucky Cabinet for Workforce Development

\*\*Due to COVID-19 pandemic

<b>CITY OF ERLANGER, KENTUCKY</b> <b>PRINCIPAL EMPLOYERS</b> <b>Current Year and Ten Years Ago</b>
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2024			2016		
Taxpayer	Rank	Percentage of Total City Employment	Taxpayer	Rank	Percentage of Total City Employment
Wild Flavors	1	10.15%	Toyota Motor/Personnel	1	23.21%
Atlas Air	2	8.02%	Wild Flavors	2	9.08%
Archer Daniels Midland Co, Inc.	3	7.25%	Toyota Boshoku America	3	6.27%
Toyota Boshoku America	4	4.64%	St Elizabeth Medical Center	4	4.09%
St Elizabeth Medical Center	5	4.47%	Erlanger-Elsmere Bd of Education	5	3.18%
Sun Kentucky	6	3.58%	Schneider Electric USA	6	2.79%
St Elizabeth Physicians	7	3.54%	Convergys Management Group	7	2.33%
Erlanger-Elsmere Bd of Education	8	2.60%	Signature Hardware	8	1.87%
Coca Cola Bottling Co	9	2.60%	Gap, Inc	9	1.74%
Disabled American Veterans	10	2.19%	United Dairy Farmers	10	1.59%
<b>TOTAL</b>		<b>49.04%</b>	<b>TOTAL</b>		<b>56.15%</b>

Source: Kenton County Business Services Department

**CITY OF ERLANGER, KENTUCKY****FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM****Last Ten Years**

<b>Function/Program</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
General Government	12	16	17	14	14	13	11	9	10	10
Public works	14	14	15	16	17	17	17	19	18	17
Police	58	60	58	47	46	46	39	48	47	47
Fire/EMS	34	34	34	33	33	33	31	33	36	33
Parks and recreation	1	1	1	1	0	0	0	0	0	0

Source: Human Resource Department



<b>CITY OF ERLANGER, KENTUCKY</b> <b>OPERATING INDICATORS BY FUNCTION/PROGRAM</b> <b>Last Ten Calendar Years</b>
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Function	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Police</b>									
Physical arrests	796	849	849	1,031	834	756	968	657	739
Traffic violations	3,701	4,082	3,395	2,232	2,364	3,574	4,355	4,972	2,451
Parking violations	238	160	160	130	50	66	61	67	36
<b>Fire/EMS</b>									
Number of calls answered:									
Fire	1,311	557	749	723	740	786	948	1,173	751
Emergency Medical Services	2,254	2,487	2,573	2,799	2,951	3,347	3,362	3,137	3,331
Inspections	562	665	540	570	517	422	478	571	524
<b>Highways and streets</b>									
Street resurfacing (miles)	1.96	0.87	1.08	1.55	0.94	1.22	0.72	1.51	2.78

Source: Various City departments

<b>CITY OF ERLANGER, KENTUCKY</b> <b>CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM</b> <b>Last Ten Years</b>
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Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Public safety</b>										
Police:										
Stations	3	3	3	1	1	1	1	1	1	1
Fire:										
Fire stations	2	2	2	2	2	2	2	2	2	2
<b>Highways and streets</b>										
Street (miles)	70	70	70	70	70	70	70	70	70	70
Streetlights	693	684	698	722	722	724	724	724	724	724
<b>Culture and recreation</b>										
Parks	12	12	12	12	12	12	12	12	12	12
Playgrounds	9	9	9	9	9	9	9	9	9	9
<b>Sanitation</b>										
Contained sanitary/storm sewers (miles)	82	82	82	82	82	82	82	82	82	82

Source: Various City departments

**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 Council of  
City of Erlanger, Kentucky**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Erlanger, Kentucky as of June 30, 2025 and the related notes to the financial statements which collectively comprise the City of Erlanger, Kentucky's financial statements, and have issued our report thereon dated December 2, 2025.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Erlanger, Kentucky's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Erlanger, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Erlanger, Kentucky's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Chamberlin Owen & Co., Inc.*

**Chamberlin Owen & Co., Inc.**

Erlanger, Kentucky

December 2, 2025