CITY OF BROMLEY, KENTUCKY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2025

With

Independent Auditors' Report

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Independent Auditors' Report

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CITY OF BROMLEY, KENTUCKY

CITY OFFICIALS

For the Year Ended June 30, 2025

Mayor

Mike Denham

Council Members

Andrew Clift	Kelly Dudley
Mike Kendall	David Radford
Dianne Wartman	Tim Wartman

City Clerk

Brittany Hinzman

City Treasurer

Terri Stahl

City Accountants

Chamberlin Owen & Co., Inc.

City Attorney

Matt Woods

BRAMEL & ACKLEY, PSC

Certified Public Accountants and Business Advisors

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor
Members of City Council
City of Bromley, Kentucky

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund, and the aggregate remaining fund information of the City of Bromley, Kentucky (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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 Bromley, Kentucky, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note K to the financial statements, the City of Bromley, Kentucky restated its June 30, 2024 net position to correct delinquent taxes receivable. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and major funds budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Bromley, Kentucky's basic financial statements. The combining statements and budgetary comparison schedules for non-major governmental funds on pages 24-27 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2026 on our consideration of the City of Bromley, 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 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 Bromley, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bromley, Kentucky's internal control over financial reporting and compliance.

Bramel & Ackley, P.S.C.

Ft. Wright, Kentucky
April 22, 2026

CITY OF BROMLEY, KENTUCKY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2025

Management's Discussion and Analysis (MD&A) is required supplementary information per the Government Accounting Standards Board (GASB) that provides management with the opportunity to provide both short-term and long-term analysis of the City of Bromley, Kentucky's financial activities. The MD&A should be read in conjunction with the City's basic financial statements, which begin on page 10.

The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City and present a long-term view of the City's finances. The City's fund financial statements provide more detail on the operations of the City than the government-wide statements.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: government-wide financial statements; fund financial statements; and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

The government-wide financial statements outline the functions of the City that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include administration, public safety, fire safety, parks and recreation, highways and streets, and garbage pick-up service. Capital assets are also supported by taxes and intergovernmental revenues. Municipal Road Aid is supported by designated support coming from the state.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detailed information about the most significant funds, and not the City as a whole. The City Council establishes funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City has four funds: a general fund and three special revenue funds for municipal road aid, road tax, and capital improvements.

The City's basic services are reported in the 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 modified accrual basis allows certain revenues to be recognized before received.

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 to determine whether there are greater or fewer financial resources available for spending in the 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 of the fund financial statements.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by $1,823,117 at June 30, 2025. This is a $54,117 increase over 2024.

Table 1 – Net Position

	2025	(Restated) 2024
Current assets	$ 803,845	$ 607,984
Capital assets, net	1,107,706	1,185,536
Total assets	1,911,551	1,793,520
Current liabilities	88,434	24,520
Total liabilities	88,434	24,520
Net investment in capital assets	1,107,706	1,185,536
Restricted	49,464	-
Unrestricted	665,947	583,464
Total net position	$ 1,823,117	$ 1,769,000

One component of the City's net position reflects its investment in capital assets net of related debt. These capital assets are used to provide services and city infrastructure, and consequently, are not available for future spending. The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Governmental Activities

The following table represents a summary of the City's revenue and expense for the fiscal years ended June 30, 2025 and 2024:

Table 2 – Governmental Activities – Change in Net Position

	2025	(Restated) 2024
Revenues		
Charges for services	$ 42,347	$ 41,487
Operating grants and contributions	96,904	74,864
General Revenues		
Taxes	376,470	322,928
Licenses and permits	20,925	50,280
Franchise fees	109,198	28,960
Fines and forfeitures	-	48,542
Unrestricted investment earnings	772	1,473
Miscellaneous	239	29
Total revenues	646,855	568,563
Expenses		
Legislative and administrative	199,207	187,660
Public safety	100,000	100,000
Fire safety	90,000	78,314
Public works and parks	81,872	99,047
Unallocated depreciation	121,659	121,624
Total expenses	592,738	586,645
Excess (deficit) of revenues over (under) expenditures	$ 54,117	$ (18,082)

Capital Assets

The City's investment in capital assets for its governmental activities as of June 30, 2025 amounts to $1,107,706. The following table details the capital assets owned by the City in 2025 and 2024 and the corresponding change in capital assets in 2025:

Capital Assets

	Governmental Activities	
	2025	2024
Land	$ 224,411	$ 224,411
Construction in progress	16,129	62,105
Buildings and equipment	670,283	613,978
Infrastructure	813,450	813,450
Improvements and parks	620,717	587,217
Vehicles	63,364	63,364
Subtotals	2,408,354	2,364,525
Accumulated depreciation	(1,300,648)	(1,178,989)
Net Capital Assets	$ 1,107,706	$ 1,185,536

This year's major additions and deletions included:	
Improvements to buildings and equipment	$ 56,305
Park improvements	33,500
Net construction in progress - multiple projects	(45,976)
Net depreciation added	(121,659)
Net Change in Net Capital Assets	$ (77,830)

Debt

At June 30, 2025, the City has no short or long-term debt.

Budget to Actual for Major Funds, Economic Factors and Next Year's Budget

Across all governmental activities during 2024-25, the City experienced an increase in revenues of $78,292, this increase was primarily due to increased collections of franchise fees of $109,198 compared to $28,960 in the prior year. Charges for services and fines and fees increased in the current year, while property taxes and licenses decreased.

The City's expenditures across all governmental activities increased $6,093. The increase in expenditures is primarily due to increased operating expenditures for legislative and administrative functions in the City.

The General Fund's actual revenues of $518,719 were $161,754 more than the budget amount of $356,965 due to increased amounts for taxes and other revenues (franchise fees). The General Fund's revenues were also $9,719 less than what was received in fiscal year 2024.

The General Fund actual expenditures were $12,700 more than the budget amount of $430,008 largely due to expenditures that were not included in the budget in administration and contractual professional/other. The General Fund's expenditures were also $5,045 less than what was expended in fiscal year 2024.

The City has adequate contingency funds to address any potential, non-catastrophic, unforeseen conditions and events. (See Note F – Claims and Judgement in the Notes to the Financial Statements for more information on any potential claims). The fiscal year 2026 budget provides adequate resources for the continuation of services and programs at the present levels.

Contacting the City's Financial Management

This financial report is designed to provide the citizens, taxpayers 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 any questions about this report or need additional information, contact the City Clerk at the City of Bromley, at 226 Boone Street, Bromley, KY 41016.

CITY OF BROMLEY, KENTUCKY
STATEMENT OF NET POSITION
June 30, 2025

		Governmental Activities
Assets		
Cash and cash equivalents	$	739,383
Accounts receivable		2,536
Insurance premium tax receivable		43,990
Taxes receivable		17,936
Capital assets, net of depreciation		1,107,706
Total Assets		1,911,551
Liabilities		
Accounts payable		88,434
Total Liabilities		88,434
Net Position		
Net investment in capital assets		1,107,706
Restricted		49,464
Unrestricted		665,947
Total Net Position	$	1,823,117

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

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Primary Government					
Legislative and administrative	$ 199,207	$ 42,347	$ 7,074	$ -	$ (149,786)
Public safety	100,000	-	-	-	(100,000)
Fire safety	90,000	-	-	-	(90,000)
Public works & parks	81,872	-	89,830	-	7,959
Unallocated depreciation	121,659	-	-	-	(121,659)
Total Primary Government	$ 592,738	$ 42,347	$ 96,904	$ -	$ (453,487)
General revenues					
Taxes					
Property taxes, levied for general purposes					137,087
Insurance premium taxes, levied for general purposes					120,496
Payroll/gross receipts taxes, levied for general purposes					118,887
Franchise fees					109,198
Licenses and permit fees					20,925
Unrestricted investment earnings					772
Miscellaneous					239
Total general revenues and special items					507,604
Change in net position					54,117
Net position, beginning					1,780,521
Prior period adjustment - Note K					(11,521)
Net position, ending					$ 1,823,117

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

CITY OF BROMLEY, KENTUCKY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

	General	Road Tax Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 501,273	$ 156,328	$ 81,782	$ 739,383
Insurance and payroll tax receivable	43,990	-	-	43,990
Taxes and fees receivable	5,782	-	-	5,782
Accounts receivable	1,506	-	1,030	2,536
Due from other funds	560	-	-	560
Total Assets	$ 553,111	$ 156,328	$ 82,812	$ 792,251
Liabilities and Fund Balance				
Liabilities				
Accounts payable	$ 88,434	$ -	$ -	$ 88,434
Due to other funds	-	560	-	560
Total Liabilities	88,434	560	-	88,994
Fund Balances				
General fund - unassigned	464,677	-	-	464,677
Road tax fund - committed	-	155,768	-	155,768
Municipal road aid fund - restricted	-	-	49,464	49,464
Capital improvement fund - committed	-	-	33,348	33,348
Total Fund Balances	464,677	155,768	82,812	703,257
Total Liabilities and Fund Balances	$ 553,111	$ 156,328	$ 82,812	$ 792,251

Reconciliation of Fund Balances to the Statement of Net Position

Total governmental fund balances	$ 703,257
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of $2,408,354, net of accumulated depreciation of $1,300,648, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,107,706
Receivables not received within 60 days are not available for governmental fund reporting, but are recognized in the statement of activities, net of allowance for doubtful accounts.	12,154
Net position of governmental activities	$ 1,823,117

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

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

	General Fund	Road Tax Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes				
Property	$ 98,781	$ 44,625	$ -	$ 143,406
Payroll taxes	77,868	-	-	77,868
Gross receipts tax	41,019	-	-	41,019
Insurance premium	120,496	-	-	120,496
Licenses	20,925	-	-	20,925
Franchise fees	109,198	-	-	109,198
Charges for services	42,347	-	-	42,347
Intergovernmental revenue	7,074	-	89,830	96,904
Interest income	772	-	-	772
Miscellaneous	239	-	-	239
Total Revenues	518,719	44,625	89,830	653,174
Expenditures				
Legislative and administrative	199,207	-	-	199,207
Public safety	100,000	-	-	100,000
Fire safety	90,000	-	-	90,000
Public works and parks	48,501	24,773	8,598	81,872
Capital outlay	5,000	-	38,829	43,829
Total Expenditures	442,708	24,773	47,427	514,908
Excess of Revenues Over Expenditures	76,011	19,852	42,403	138,266
Fund Balances, Beginning of Year	388,666	135,916	40,409	564,991
Fund Balances, End of Year	$ 464,677	$ 155,768	$ 82,812	$ 703,257

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

CITY OF BROMLEY, KENTUCKY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Net change in fund balances - total governmental funds	$ 138,266
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 assets capitalized	43,829
Depreciation expense	(121,659)
Revenues not available during the current period, within 60 days after year end, are not recognized in the funds, but are recognized in the Statement of Activities.	(6,319)
Change in net position of governmental activities	$ 54,117

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The City of Bromley operates under a "Mayor/Council" form of government. The City is governed by an elected mayor and six council members. As required by generally accepted accounting principles these financial statements present the primary government. There are no component units or entities of which the government is considered to be financially accountable.

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for all of the non-fiduciary activities of the primary government. Generally, the effect of the inter-fund activity has been removed from these statements. Governmental activities, which are generally supported by taxes and City general revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expense and program revenues associated with a distinct functional activity. Program revenues include charges for services, which report fees, fines and forfeitures, and other charges to users of the City's services; and operating grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. Program revenues are subject to externally imposed restrictions and are to be applied only to related program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. 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 expenditures.

Fund Financial Statements

Fund financial statements, as applicable, are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The basic financial statements of the City 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.

The government-wide financial statements reflect the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. If applicable, the proprietary and fiduciary fund financial statements and financial statements of City component units also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied. Grants and similar items are recognized as revenues when grantor eligibility requirements are 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. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only in the year when payment is due.

Major revenue sources where accrual is most likely to occur include property taxes, insurance premium taxes and payroll/gross receipts license fees.

If applicable, operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

Fund Types

The City reports the following governmental funds:

General Fund

This fund is the City's primary operating fund. This fund accounts for all financial resources of the general government but is not accounted for in another fund. This is a major fund of the City.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. Currently, the City maintains the following special revenue funds:

- *Road Tax Fund* – to account for the receipt and disbursement of funds committed by City Council for road repairs within the City in accordance with the City's road tax ordinance. This is a major fund of the City.

- *Municipal Road Aid Fund* – to account for the receipt and disbursement of restricted funds in accordance with Kentucky Revised Statutes for the Kentucky Municipal Road Aid Fund. This is a non-major fund of the City.

- *Capital Improvement Fund* – to account for funds committed by the City Council for capital improvement projects in the City. This is a non-major fund of the City.

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.

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 deposit.
3. Bankers' acceptances.
4. Commercial paper.
5. Bonds of other state or local governments.
6. Mutual funds.

All accounts held are insured under the FDIC insurance program and amounts held in excess of the FDIC coverage are covered by collateral.

Inter-fund Receivables/Payables

During the course of operations, it is possible for transactions to occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Inventories and Prepaid Items

If applicable, inventories in the governmental funds consist of expendable supplies held for consumption stated on a first in, first out basis. They are reported at cost, which are recorded as expenditures at the time individual inventory items are used.

Prepaid items record payments to vendors that benefit future reporting periods. Both inventories and prepaid items are similarly reported in government-wide and fund financial statements.

Capital Assets

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and are comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. General capital assets are reported in the governmental activities column of the government-wide statement of net position. If applicable, capital assets used by the proprietary fund are reported in the business-type activities column of the government-wide statement of net position.

All fixed assets are valued at historical cost or historical estimated cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

The City has elected to capitalize assets with a cost of $5,000 or more. Capital assets are depreciated 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 statement of net position. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	40 years
Building Improvements	10-20 years
Public Domain Infrastructure	25-40 years
Vehicles	5-10 years
Furniture and Equipment	3-5 years

Long-Term Debt

In the government-wide financial statements outstanding debt is reported as a liability. The governmental fund financial statements recognize the proceeds of debt as other financing sources of the current period. Payments of principal and interest are reported as expenditures.

Budget

The City approves and maintains an annual budget for each of its funds. The budget is a useful tool for measuring anticipated revenues and expenditures of each fund from year to year.

Fund Equity

Net position is the difference between assets and liabilities. Net position invested in capital assets, net of related debt, is capital assets less accumulated depreciation and any outstanding debt related to the acquisition, construction, or improvement of those assets.

In the fund financial statements, fund balances have different classifications based upon their purposes, under GASB 54. The fund balance of the general fund is classified as *unassigned*, which represents funds not classified as non-spendable, committed, restricted, or assigned. The fund balance of the municipal road aid fund, a special revenue fund, is classified as *restricted*, as funds are externally restricted by the agency providing funding. The fund balance of the road tax fund, another special revenue fund, is classified as *committed*, as these funds have a specific purpose that has been designated internally. Council is the highest level of authority at the City, and by ordinance can make changes to committed funds.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenditures. 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:

1) In accordance with City code, prior to June 1, the Mayor submits to the City Council a proposed operating budget 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.

2) Public hearings are conducted to obtain taxpayer comment.

3) Prior to June 30, the budget is legally enacted through passage of an ordinance.

4) The Mayor is required by Kentucky Revised Statutes to present a quarterly report to the City Council explaining any variance from the approved budget.

5) Appropriations continue to be in effect until a new budget is adopted.

6) The City Council may authorize supplemental appropriations during the year.

Expenditures may not legally exceed budgeted appropriations at the function level. Any revisions to the budget that would alter total revenues and expenditures of any fund must be approved by the council.

NOTE C – CONCENTRATION OF CREDIT RISK

The City's deposits at June 30, 2025 were partially secured by Federal Depository Insurance. Deposits in excess of the Federal Depository Insurance limit are to be collateralized with securities held by the bank, its trust department, or by its agent, in the City's name. The carrying amount of the City's deposits with financial institutions at June 30, 2025 was $739,383. Of the total bank balance, $250,000 was insured by the Federal Depository Insurance Corporation (FDIC). The remaining bank balance is secured by pledged securities.

Kentucky Revised Statutes authorize cities to invest in obligations of the United States and its agencies, obligations of the Commonwealth of Kentucky and its agencies, shares in savings and loan associations insured by federal agencies, deposits in national or state-chartered banks insured by federal agencies, repurchase agreements, and larger amounts in institutions providing such banks pledge as security obligations of the United States government or its agencies.

NOTE D – RECEIVABLES

Property values are assessed as of January 1. Taxes are levied on October 1 and are due and payable on or before December 31. The property taxes are billed and collected by the Kenton County Sheriff. The portion payable to the City is remitted on a monthly basis. An adjustment is made at June 30 to recognize property taxes levied during the year which are still receivable at year end.

NOTE E – CAPITAL ASSETS AND DEPRECIATION

The following is a summary of changes in capital assets during the year ended June 30, 2025:

Asset Type	June 30, 2024	Additions	Deletions	June 30, 2025
Land	$ 224,411	$ -	$ -	$ 224,411
Construction in progress	62,105	32,879	(78,855)	16,129
Buildings and equipment	613,978	56,305	-	670,283
Improvements and parks	587,217	33,500	-	620,717
Infrastructure	813,450	-	-	813,450
Vehicles	63,364	-	-	63,364
Subtotal	2,364,525	122,684	(78,855)	2,408,354
Less: Accumulated depreciation	(1,178,989)	(121,659)	-	(1,300,648)
Total	$ 1,185,536	$ 1,025	$ (78,855)	$ 1,107,706

Current year depreciation expense of $121,659 has not been allocated to departmental functions.

NOTE F – CLAIMS AND JUDGMENTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. With the exception of the note below, the amount 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.

British Petroleum Midwest Product Pipeline Claim

The City, through its tax collection authority – the Kenton County Sheriff's office, is in the process of truing up property and tangible taxes paid to the City by a large commercial property owner. The City estimates that $75,798 is owed by the City to British Petroleum at the date of these financial statements. The City has sufficient funds in reserve to repay the overpayment.

NOTE G – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and/or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has effectively managed risk through various employee education and prevention programs.

NOTE H – ECONOMIC DEPENDENCY

In the year ended June 30, 2025, the City receives approximately 23.23% of its general fund revenues from insurance premium taxation. If legislation were enacted to disallow this tax, the operations of the City would be heavily impacted.

NOTE I – IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

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

NOTE J – 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 K – PRIOR PERIOD ADJUSTMENT

The City has adjusted the beginning balance of its long-term property tax receivable account by $11,521 to correct a tabulation error in delinquent taxes receivable.

NOTE L – SUBSEQUENT EVENTS

The City's management has evaluated events through April 22, 2026, the date on which the financial statements were available for issue. The City's management did not have any events subsequent to June 30, 2025 through April 22, 2026 to disclose.

CITY OF BROMLEY, KENTUCKY
BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL - GENERAL FUND
For the Year Ended June 30, 2025

	Budgeted Amounts				Variance with Final Budget Favorable
	Original	Revisions	Final	Actual	(Unfavorable)
Budgetary fund balance, July 1	$ 76,193	$ -	$ 76,193	$ 388,666	$ 312,473
Resources (inflows)					
Taxes	292,500	-	292,500	338,164	45,664
Fire / Police / EMS Fees	35,000	-	35,000	33,847	(1,153)
Intergovernmental Revenue	-	-	-	7,074	7,074
Other	29,465	-	29,465	139,634	110,169
Amounts available for appropriation	356,965	-	356,965	518,719	161,754
Charges to appropriations (outflows)					
Administration	104,558	-	104,558	123,010	(18,452)
Contractual - Police	100,000	-	100,000	100,000	-
Contractual - Fire	90,000	-	90,000	90,000	-
Public Services / Parks	47,650	-	47,650	48,501	(851)
Contractual - Professional / Other	44,550	-	44,550	48,445	(3,895)
Other	43,250	-	43,250	32,752	10,498
Total charges to appropriations	430,008	-	430,008	442,708	(12,700)
Excess resources over appropriations	(73,043)	-	(73,043)	76,011	149,054
Budgetary fund balance, June 30	$ 3,150	$ -	$ 3,150	$ 464,677	$ 461,527

CITY OF BROMLEY, KENTUCKY
BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL - ROAD TAX FUND
For the Year Ended June 30, 2025

	Budgeted Amounts				Variance with Final Budget Favorable
	Original	**Revisions**	**Final**	**Actual**	**(Unfavorable)**
Budgetary fund balance, July 1	$ 98,800	$ -	$ 98,800	$ 135,916	$ 37,116
Resources (inflows)					
Taxes	42,200	-	42,200	44,625	2,425
Amounts available for appropriation	42,200	-	42,200	44,625	2,425
Charges to appropriations (outflows)					
Contractual - Professional / Other	100,000	-	100,000	17,250	82,750
Other	41,000	-	41,000	7,523	33,477
Total charges to appropriation	141,000	-	141,000	24,773	116,227
Excess resources over appropriations	(98,800)	-	(98,800)	19,852	118,652
Budgetary fund balance, June 30	$ -	$ -	$ -	$ 155,768	$ 155,768

CITY OF BROMLEY, KENTUCKY
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
June 30, 2025

	Municipal Road Aid	Capital Improvement	Total Special Revenue Funds
Assets			
Cash and cash equivalents	$ 48,434	$ 33,348	$ 81,782
Accounts receivable	1,030	-	1,030
Total Assets	$ 49,464	$ 33,348	$ 82,812
Liabilities and Fund Balances			
Liabilities			
Due to General Fund	$ -	$ -	$ -
Total Liabilities	-	-	-
Fund Balances			
Restricted	49,464	-	49,464
Committed	-	33,348	33,348
Total Fund Balances	49,464	33,348	82,812
Total Liabilities and Fund Balances	$ 49,464	$ 33,348	$ 82,812

CITY OF BROMLEY, KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2025

	Municipal Road Aid	Capital Improvement	Total Special Revenue Funds
Revenues			
Intergovernmental Revenues	$ 14,830	$ 75,000	$ 89,830
Total Revenues	14,830	75,000	89,830
Expenditures			
Current			
Contractual - Professional / Other	7,968	130	8,098
Other	-	500	500
Capital Outlay Expenditures	-	38,829	38,829
Total Expenditures	7,968	39,459	47,427
Excess of Revenues Over Expenditures	6,862	35,541	42,403
Fund Balances, Beginning of Year	42,602	(2,193)	40,409
Fund Balances, End of Year	$ 49,464	$ 33,348	$ 82,812

CITY OF BROMLEY, KENTUCKY
BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL - MUNICIPAL AID FUND
For the Year Ended June 30, 2025

	Budgeted Amounts				Variance with Final Budget Favorable
	Original	Revisions	Final	Actual	(Unfavorable)
Budgetary fund balance, July 1	$ -	$ -	$ -	$ 42,602	$ 42,602
Resources (inflows)					
Taxes	15,000	-	15,000	14,830	(170)
Amounts available for appropriation	15,000	-	15,000	14,830	(170)
Charges to appropriations (outflows)					
Contractual - Professional / Other	15,000	-	15,000	7,968	7,032
Total charges to appropriation	15,000	-	15,000	7,968	7,032
Excess resources over appropriations	-	-	-	6,862	6,862
Budgetary fund balance, June 30	$ -	$ -	$ -	$ 49,464	$ 49,464

CITY OF BROMLEY, KENTUCKY
BUDGETARY COMPARISON SCHEDULE - BUDGET TO ACTUAL - CAPITAL IMPROVEMENT FUND
For the Year Ended June 30, 2025

	Budgeted Amounts				Variance with Final Budget Favorable
	Original	Revisions	Final	Actual	(Unfavorable)
Budgetary fund balance, July 1	$ -	$ -	$ -	$ (2,193)	$ (2,193)
Resources (inflows)					
Grant Revenue	75,000	-	75,000	75,000	-
Sidewalk Improvement Program	22,500	-	22,500	-	(22,500)
Amounts available for appropriation	97,500	-	97,500	75,000	(22,500)
Charges to appropriations (outflows)					
Contractual - Professional / Other	10,000	-	10,000	130	9,871
Other	146,000	-	146,000	39,329	106,671
Total charges to appropriation	156,000	-	156,000	39,459	116,542
Other Financing Sources					
Interfund Transfers	58,500	-	58,500	-	(58,500)
Total Other Financing Sources	58,500	-	58,500	-	(58,500)
Excess resources over appropriations	-	-	-	35,542	35,542
Budgetary fund balance, June 30	$ -	$ -	$ -	$ 33,349	$ 33,349

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

Honorable Mayor
Members of City Council
City of Bromley, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Bromley, Kentucky (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 22, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Bramel & Ackley, P.S.C.

Ft. Wright, KY
April 22, 2026