

CITY OF WEST BUECHEL, KENTUCKY

FINANCIAL STATEMENTS

AND REPORT OF AUDIT

JUNE 30, 2024

ANNUAL FINANCIAL REPORT
CITY OF WEST BUECHEL, KENTUCKY

Year Ended June 30, 2024

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COBB & ASSOCIATES PLLC

CERTIFIED PUBLIC ACCOUNTANTS

PO BOX 5158
Louisville, KY 40255
Phone: 502.396.3968

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
City Council
City of West Buechel, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited accompanying the financial statements of the governmental activities and each major fund, of the City of West Buechel, Kentucky, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of West Buechel, 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 and each major fund of the City of West Buechel, Kentucky as of June 30, 2024, and the respective changes in financial position for the City of West Buechel, Kentucky 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of West Buechel, 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.

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 West Buechel, 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of West Buechel, 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 West Buechel, 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

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, net pension liability, and retirement system contributions on pages 34-45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2024 on our consideration of the City of West Buechel, 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 West Buechel, 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 West Buechel, Kentucky's internal control over financial reporting and compliance.

Cobb & Associates PLLC

COBB & ASSOCIATES PLLC
Louisville, Kentucky

December 12, 2024

CITY OF WEST BUECHEL, KENTUCKY
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 3,144,940	\$ 3,144,940
Investments	592,034	592,034
Prepaid Expenses	57,078	57,078
Taxes Receivable	428,662	428,662
Total Current Assets	4,222,714	4,222,714
Noncurrent Assets:		
Capital Assets (Net)	2,056,327	2,056,327
Total Noncurrent Assets	2,056,327	2,056,327
Total Assets	6,279,041	6,279,041
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflow of Resources OPEB	206,566	206,566
Deferred Outflow of Resources Pension	446,876	446,876
Total Deferred Outflow of Resources	653,442	653,442
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
LIABILITIES		
Current Liabilities:		
Accounts Payable	31,652	31,652
Accrued Payroll Liabilities	37,294	37,294
Accrued Vacation	26,020	26,020
Total Current Liabilities	94,966	94,966
Noncurrent Liabilities		
Net OPEB Liability	36,268	36,268
Net Pension Liability	1,332,273	1,332,273
Total Noncurrent Liabilities	1,368,541	1,368,541
Total Liabilities	1,463,507	1,463,507
DEFERRED INFLOW OF RESOURCES		
Deferred Inflow of Resources OPEB	833,847	833,847
Deferred Inflow of Resources Pension	1,328,282	1,328,282
Deferred Inflow of Resources Delinquent Property Taxes	13,539	13,539
Total Deferred Inflow of Resources	2,175,668	2,175,668
NET POSITION		
Net Investment in Capital Assets	2,056,327	2,056,327
Restricted for Roads	142,202	142,202
Restricted for Police Programs	6,362	6,362
Unrestricted	1,088,417	1,088,417
Total Net Position	\$ 3,293,308	\$ 3,293,308

See accompanying notes to financial statements

**CITY OF WEST BUECHEL, KENTUCKY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position Primary Governmental Activities
	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	
PRIMARY GOVERNMENT:					
Governmental Activities:					
General Government	\$ 773,837	\$ -	\$ -	\$ -	\$ (773,837)
Police Department	1,063,721	-	-	44,904	(1,018,817)
Public Works	164,732	-	-	-	(164,732)
Community Center	132,122	-	-	-	(132,122)
Pension Expense	(433,254)	-	-	-	433,254
ARPA Expense	25,534	-	-	-	(25,534)
Unallocated Depreciation	231,961	-	-	-	(231,961)
Total Governmental Activities	<u>1,958,653</u>	<u>-</u>	<u>-</u>	<u>44,904</u>	<u>(1,913,749)</u>
Total Primary Government	<u>\$ 1,958,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,904</u>	<u>\$ (1,913,749)</u>

General Revenues:

Taxes	\$ 3,121,357
Road Aid	29,430
Insurance Proceeds	40,121
License and Fees	113,286
Police Forfeiture	110
Other	37,807
Gain (Loss) on Asset Disposal	(9,076)
Interest and Investment Gain (Loss) net	80,613
Total General Revenues	<u>3,413,648</u>
Change in Net Position	1,499,899
Net Position - Beginning of Year, as restated	<u>1,793,409</u>
Net Position - June 30, 2024	<u>\$ 3,293,308</u>

See accompanying notes to financial statements

**CITY OF WEST BUECHEL, KENTUCKY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General Fund	Road Fund	Other Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 2,996,377	\$ 142,202	\$ 6,361	\$ 3,144,940
Investments	592,034	-	-	592,034
Taxes Receivable	428,662	-	-	428,662
Prepaid Expenses	57,078	-	-	57,078
Total Assets	\$ 4,074,151	\$ 142,202	\$ 6,361	\$ 4,222,714
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 31,652	\$ -	\$ -	\$ 31,652
Accrued Payroll Liabilities	37,294	-	-	37,294
Accrued Vacation	26,020	-	-	26,020
Total Liabilities	94,966	-	-	94,966
 DEFERRED INFLOW OF RESOURCES				
Unavailable Revenue	13,539	-	-	13,539
Total Deferred Inflows of Resources	13,539	-	-	13,539
 FUND BALANCE				
Restricted for:				
Road Maintenance	-	142,202	-	142,202
Police	-	-	6,361	6,361
Nonspendable	57,078	-	-	57,078
Unassigned, reported in:				
General Fund	3,908,568	-	-	3,908,568
Total Fund Balance	3,965,646	142,202	6,361	4,114,209
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 4,074,151	\$ 142,202	\$ 6,361	\$ 4,222,714

See accompanying notes to financial statements

**CITY OF WEST BUECHEL, KENTUCKY
RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

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

Total Fund Balance	\$	4,114,209
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$1,414,523		2,056,327
Certain deferred outflows of resources are recognized in the government-wide financial statements, but are not recognized in the governmental fund financial statements		653,442
Certain deferred inflows of resources are recognized in the government-wide financial statements, but are not recognized in the governmental fund financial statements		(2,162,129)
Certain liabilities are not reported in this fund financial statement because they are not due and payable, but are presented in statement of net position:		
Net OPEB Liability		(36,268)
Net Pension Liability		(1,332,273)
		(1,368,541)
Net Position of Governmental Activities	\$	3,293,308

CITY OF WEST BUECHEL, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>General Fund</u>	<u>Road Fund</u>	<u>ARPA Funds</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 3,121,357	\$ -	\$ -	\$ -	\$ 3,121,357
Intergovernmental	44,904	29,430	-	-	74,334
License and Fees	113,286	-	-	-	113,286
Police Forfeiture	-	-	-	110	110
Other	35,583	-	-	2,224	37,807
Interest and Investment Gain (Loss) net	80,062	387	157	7	80,613
Total Revenue	<u>3,395,192</u>	<u>29,817</u>	<u>157</u>	<u>2,341</u>	<u>3,427,507</u>
EXPENDITURES					
General Government	827,156	-	-	-	827,156
Police Department	1,065,793	-	-	4,943	1,070,736
Public Works	172,513	-	-	-	172,513
Community Center	174,423	-	-	-	174,423
Roads and Sidewalks	-	5,066	-	-	5,066
ARPA Expenditures	-	-	150,398	-	150,398
Total Expenditures	<u>2,239,885</u>	<u>5,066</u>	<u>150,398</u>	<u>4,943</u>	<u>2,400,292</u>
Excess of Revenues Over (Under) expenditures	1,155,307	24,751	(150,241)	(2,602)	1,027,215
OTHER FINANCING SOURCES (USES)					
Transfer In (Out)	(2,241)	18	-	2,223	-
Insurance Proceeds	40,121	-	-	-	40,121
Insurance Related Expenditures	(357,409)	-	-	-	(357,409)
Total Other Financing Sources (Uses)	<u>(319,529)</u>	<u>18</u>	<u>-</u>	<u>2,223</u>	<u>(317,288)</u>
Net Change in Fund Balance	835,778	24,769	(150,241)	(379)	709,927
Fund balances-Beginning of Year, as restated	<u>3,129,868</u>	<u>117,433</u>	<u>\$ 150,241</u>	<u>\$ 6,740</u>	<u>3,404,282</u>
Fund balances-June 30, 2024	<u>\$ 3,965,646</u>	<u>\$ 142,202</u>	<u>\$ -</u>	<u>\$ 6,361</u>	<u>\$ 4,114,209</u>

See accompanying notes to financial statements

CITY OF WEST BUECHEL, KENTUCKY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Net change in fund balances - Total Governmental Funds \$ 709,927

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	806,794
Construction in progress capitalized	(209,039)
Loss on disposal of asset	(9,076)
Depreciation expense	<u>(231,961)</u>
	356,718

Some expenses reported in the statement of activities do not require the use of current financial resources and therefor are not reported as expenditures in the governmental funds. This amount related to:

Pension and OPEB expense	<u>433,254</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,499,899</u></u>

CITY OF WEST BUECHEL, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The City's financial statements are prepared in accordance with accounting principles generally accepted in the U.S. (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

1.A. FINANCIAL REPORTING ENTITY

The City of West Buechel, Kentucky (the City) is a home rule city located in Jefferson County, Kentucky. It operates under an elected mayor-council form of government. The City provides the following services authorized by its charter: public safety, public works, recreation, and community development. Primary revenue sources are property taxes, gross receipts tax, occupational taxes, insurance premium taxes, business licenses, municipal road aid, and base court revenue. Those revenues susceptible to accrual are property taxes, gross receipts tax, occupational taxes, insurance premium taxes and municipal road aid.

All significant activities and organizations on which the City of West Buechel, Kentucky exercises oversight responsibility have been included in the City's financial statements for the year ended June 30, 2024. The following criteria regarding the manifestation of oversight were considered by the City in its evaluation of City organizations and activities:

Financial Interdependency – The City is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the City.

Election of the government authority – The locally elected City Council is exclusively responsible for all public decisions and accountable for the decisions and accountable for the decisions it makes.

Ability to significantly influence operations – The City Council has the statutory authority under the provisions of the Revised Statutes to significantly influence operations. The authority includes, but is not limited to, adoption of the budget, control over all assets, including facilities and properties, short-term borrowing, signing contracts, and developing the programs to be provided.

Accountability of fiscal matters – The responsibility and accountability over all funds is vested in the City Council.

Following consideration of the above criteria, no additional entities are deemed to be component units of the City.

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental Activities for the City accompanied by a total column.

CITY OF WEST BUECHEL, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.B. BASIS OF PRESENTATION (CONTINUED)

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. As of June 30, 2024, the City did not have any business-type activities.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets and deferred outflows, liabilities and deferred inflows, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of that individual governmental fund are at least 10% of the corresponding total for all funds of that category or type; and
- b. Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of the individual governmental fund are at least 5% of the corresponding total for all governmental funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The Road Fund, ARPA Fund, and Other Funds are presented as a special revenue funds.

CITY OF WEST BUECHEL, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the “current financial resources” measurement focus is used. Only current financial assets and liabilities are generally included on the balance sheet. The operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenue in the year for which they are levied.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recorded when due.

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. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities in the financial statements.

Encumbrances

The City does not employ encumbrance accounting; under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to preserve that portion of the applicable appropriation.

CITY OF WEST BUECHEL, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.D. ASSETS, LIABILITIES, AND EQUITY

Cash and Cash Equivalents

The City considers all cash in bank and highly liquid investments with a maturity of ninety days or less to be cash and cash equivalents.

Investments

Investments of the primary government are valued at fair market value in accordance with current accounting standards. All investments of the City comply with the current Kentucky Revised Statutes concerning the types of investments allowed.

Receivables

In the government-wide 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 the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Major receivable balances for the government activities primarily include property taxes, occupational taxes, and insurance taxes. Property taxes receivable represents property taxes which are measurable as of June 30, 2024 and for which there is an enforceable legal claim. The portion of the property tax receivable not received withing 60 days from the close of the year is offset to deferred inflows of resources delinquent property taxes.

The 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Material receivables in government funds include revenue accruals such as property tax, occupational tax, grants and other similar intergovernmental revenues since they are usually both measurable and available. Property taxes receivable represents property taxes which are measurable as of June 30, 2024 and for which there is an enforceable legal claim. Property taxes receivable represents property taxes which are measurable as of June 30, 2024 and for which there is an enforceable legal claim. The portion of the property tax receivable not received withing 60 days from the close of the year is offset to deferred inflows of resources unavailable revenue.

Fixed Assets

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. For financial reporting purposes, the City has decided to capitalize individual assets with a value of \$5,000 or greater. Fixed assets are not reported on the fund financial statements.

Prior to June 30, 2003, governmental funds' infrastructure assets were not required to be capitalized by the City nor were these assets capitalized by the City. Starting on July 1, 2003 the City was required to keep a record of all infrastructure assets placed in service from that date forward.

CITY OF WEST BUECHEL, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.D. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)

Fixed Assets (Continued)

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings 30-40 years
Improvements 10-20 years
Furniture and Fixtures 5 to 15 years
Machinery and Equipment 5 -15 years
Vehicles 5 to 10 years
Infrastructure 7 to 25 years

Inventories

Disbursements for inventory type items are considered expenditures at the time of purchase.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate element, deferred outflows of resources, represents a consumption of resources of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

The City has four items that qualify for reporting in this category all of which are related to the City's pension/opeb obligations as discussed in further detail at Note 4.A Employee Pension Plan. These include the City's pension contributions made subsequent to the measurement date, differences between expected and actual experience, net difference between projected and actual investment earnings on pension plan investments and changes in assumptions.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has reported in this category resources relating to property taxes and advanced collection of gross receipts taxes. The City has also reported in this category resources relating to change in proportion and differences between employer contributions and proportionate share of contributions. Refer to the Pension Liability, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pension in Note 4.A, Retirement Plan and the Post- Employment Benefits Other than Pensions (OPEB).

In the governmental funds balance sheet, the City has reported unavailable revenue. The unavailable revenue is from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF WEST BUECHEL, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.D. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)

Due to and Due from Other Funds

Activities between funds that are representative outstanding balances at the end of the fiscal year are referred to as either “due to/from other funds”. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Accounts Payable

Accounts payable consists of trades payable to vendors who provide goods and services to the City.

Compensated Absences

All unpaid, compensated absences that will be liquidated with expendable available financial resources have been accrued as a liability in the General Fund. In the combined government-wide statement of net position, the total amount of unpaid, compensated absences is reported within accrued wages and benefits. Earned vacation pay up to two weeks may be paid upon termination of employment.

Pensions

For the 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 Employees’ 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, including refunds of employee contributions, are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value; the liability was measured at June 30, 2023.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the City’s 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 CERS’ Insurance Fund and additions to/deductions from the Insurance Fund’s fiduciary net position have been determined on the same basis as they are reported by the Insurance Fund. For this purpose, the Insurance Fund recognizes benefit payments when due and payable in accordance with the benefit terms; the liability was measured at June 30, 2023.

Equity Classifications

Government-wide Statements:

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets– Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

CITY OF WEST BUECHEL, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.D. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)

Equity Classifications (Continued)

- b. Restricted net position – Consist of assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other assets that do not meet the definition of “restricted” or “Net investment in capital assets.”

Fund Financial Statements:

The City of West Buechel adopted GASB 54, Fund Balance Reporting and governmental Fund Type Definitions. Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the City Council. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Council.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Mayor or designee may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

1.E. REVENUES, EXPENDITURES, AND EXPENSES

Property Tax Revenue

The City assesses property taxes in July of each calendar year (.189 per \$100 of assessed value) based upon an assessment date of January 1st. Bills are mailed on October 1st payable by January 2nd of the next calendar year. Bills paid on or before November 1st are allowed a 2% discount; bills paid after that date, but before January 2nd are not allowed a discount nor are subject to a penalty. Any tax bill paid after January 2, 2024 shall be considered delinquent and shall incur an additional penalty of 12% of the total tax due. Additionally, all delinquent taxes shall pay, in addition to the 12% penalty, interest of 8% per annum until paid in full. Any taxes paid after July 1st shall be subject to an additional delinquency penalty of 12% and continued accrued interest at 8% until paid in full. Any taxes still due and owing on January 2, 2025, and each subsequent year thereafter, shall accrue an additional 12% annual penalty, and continued interest at 8% until paid in full.

CITY OF WEST BUECHEL, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.E. REVENUES, EXPENDITURES, AND EXPENSES (CONTINUED)

Occupational License Tax

The City assesses an occupational tax of 1.5% of wages on persons who work within the City of West Buechel in any business, profession, trade or occupation. Such amounts are to be withheld from the employee's wages and remitted quarterly with a completed payroll tax return detailing wages and tax withholdings. The maximum liability for an individual under this ordinance is \$50,000.

Gross Receipts Taxes

The City imposed a tax of .25% of gross receipts for business operating within the City with a minimum fee of \$500.

Expenditures/Expenses

Expenses are classified by function/program in the government-wide statement of activities. Expenditures are classified by function in the governmental fund financial statements. Indirect expenses are not allocated to functions in the statement of activities.

1.F. ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of any contingent assets and liabilities at the date of the financial statements and the classifications and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2.A. DEPOSITS AND INVESTMENTS

The City maintains their cash accounts with local banks and investment account through the Kentucky League of Cities. Cash consists of direct deposit accounts and investments consist of one investment account invested in government and corporate bonds. At June 30, 2024 the bank and investment balance was \$3,748,121.

In accordance with Kentucky Revised Statute (KRS) 66.480, the deposits are to be insured by the federal depository insurance or collateralized to the extent uninsured by any obligations permitted by KRS 41.240(4). According to KRS 41.240(4), it shall either pledge or provide as collateral securities or other obligations having an aggregate current face value or current quoted market value at least equal to the deposits. According to KRS.66.480, the City is allowed to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, obligations of the Commonwealth of Kentucky and its agencies, insured savings and loans, or interest bearing deposits of insured national or state banks.

At year-end, the carrying amount of the City's cash and cash equivalents was covered by Federal Deposit Insurance Corporation (FDIC) and pledged securities. The City has not experience any losses in its accounts and believes it is not exposed to any significant custodial credit risk or concentration of credit risk.

The City of West Buechel, Kentucky categorizes deposits at local financial institutions to give an indication of the level of custodial credit risk assumed by the City at fiscal year-end.

CITY OF WEST BUECHEL, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

2.A. DEPOSITS AND INVESTMENTS (CONTINUED)

The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the City or by its agent in the City's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3 - Uncollateralized.

Deposits categorized by level of risk at June 30, 2024 are as follows:

Account	Bank Balance	Category		
		1	2	3
Total	\$ 3,156,087	\$ 1,391,214	\$ 1,764,873	\$ -

Investments consist of one investment account invested in government and corporate bonds. Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All investments are Level 1.

Investment Type	Cost	Fair Value
Bonds	\$ 636,967	\$ 592,034
Total	\$ 636,967	\$ 592,034

3.A. ACCOUNTS RECEIVABLE

Accounts Receivable for the year ended June 30, 2024 was as follows:

Receivable Type	Statement of Net Position Governmental Activities	Balance Sheet- Governmental Funds
Property Tax	\$ 13,989	\$ 13,989
Occupational Tax	299,336	299,336
Insurance Premium Tax	101,632	101,632
Business License	13,705	13,705
Total Receivables	\$ 428,662	\$ 428,662

CITY OF WEST BUECHEL, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

3.B. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2024</u>
Governmental activities:				
Land	\$ 250,997	\$ -	\$ -	\$ 250,997
Buildings	941,812	583,353	-	1,525,165
Vehicles	676,386	7,015	44,046	639,355
Equipment	150,000	203,579	-	353,579
Infrastructure	688,907	12,847	-	701,754
Construction In Progress	209,039	-	209,039	-
Totals at historical cost	<u>2,917,141</u>	<u>806,794</u>	<u>253,085</u>	<u>3,470,850</u>
Less accumulated depreciation:				
Buildings	(566,892)	(30,933)	-	(597,825)
Vehicles	(330,477)	(111,855)	(34,970)	(407,362)
Equipment	(37,933)	(49,959)	-	(87,892)
Infrastructure	<u>(282,230)</u>	<u>(39,214)</u>	<u>-</u>	<u>(321,444)</u>
Total accumulated depreciation	<u>(1,217,532)</u>	<u>(231,961)</u>	<u>(34,970)</u>	<u>(1,414,523)</u>
Net capital assets	<u>\$ 1,699,609</u>	<u>\$ 574,833</u>	<u>\$ 218,115</u>	<u>\$ 2,056,327</u>

3.D. COMPENSATED ABSENCES

All unpaid, compensated absences that will be liquidated with expendable available financial resources have been accrued as a liability in the General Fund. In the combined government-wide statement of net position and governmental funds balance sheet, the total amount of unpaid, compensated absences is reported within accrued wages and benefits. Earned vacation pay may be paid upon termination of employment.

A summary of the City's compensated absences activity is as follows:

	<u>June 30, 2023</u>	<u>Net Increase</u>	<u>June 30, 2024</u>
Compensated absences	\$ 25,843	\$ 177	\$ 26,020

CITY OF WEST BUECHEL, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 4 – OTHER NOTES

4.A. EMPLOYEE PENSION PLAN

General

CERS is governed by a 9-member board of trustees. Another 9-member board of trustees called the Kentucky Retirement Systems oversees the Kentucky Employees Retirement Systems (KERS) and the State Police Retirement System (SPRS). The administrative entity comprising the office of counselors and professional staff is the Kentucky Public Pensions Authority (KPPA). It is governed by a third 8-member board composed of trustees from CERS and the Kentucky Retirement Systems. CERS, KERS, and SPRS are cost-sharing, multiple employer defined benefit pension and OPEB plans. The City has elected to participate in CERS pursuant to KRS Section 78.530. The boards of trustees of the Kentucky Retirement Systems and CERS administer the Kentucky Retirement Systems Insurance Trust Fund (the Insurance Fund). The statutes provide for a single insurance fund to provide group hospital and medical benefits to retirees drawing a benefit from the three pension funds: (1) KERS; (2) CERS; and (3) SPRS.

CERS Plan

Plan description and benefits provided – The CERS pension fund and the Insurance Fund cover all eligible full-time employees and provide retirement, disability and death benefits, and health insurance benefits. Benefit contributions and provisions are actuarially determined, per KRS Section 78.454(33), each year. CERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the KPPA, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, by visiting the website at www.kyret.ky.gov or by calling (502) 696-8800.

The CERS Plan has separate plans for employees in hazardous positions and employees in nonhazardous positions. The City participates in both plans.

Non-hazardous employees can retire with full retirement benefits after 27 years of service or age 65. Non-hazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit. Retirement benefits are determined based upon a maximum of 2.2 percent of the employee's years of service multiplied by their Final Compensation. Final Compensation is calculated based upon the average of the five highest fiscal years (or last five fiscal years for employees who begin participation on or after September 1, 2008) of salary prior to attainment of the CERS specified age (or age and service combinations).

Hazardous employees can retire with full retirement benefits after 20 years of service or age 55. Hazardous employees who begin participation on or after September 1, 2008 must have 25 years of service or the member is age 60, with a minimum of 60 months of service credit. Retirement benefits are determined based upon a maximum of 2.5 percent of the employee's years of service multiplied by their Final Compensation. Final Compensation is calculated based upon the average of the three highest fiscal years of salary prior to attainment of the CERS specified age (or age and service combinations).

CERS allows non-hazardous and hazardous employees to retire prior to meeting the requirements above and receive partial benefits, providing they meet certain age and service related criteria.

CITY OF WEST BUECHEL, KENTUCKY
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2024

NOTE 4 – OTHER NOTES (CONTINUED)

4.A. EMPLOYEE PENSION PLAN (CONTINUED)

Employees are eligible for service-related disability benefits regardless of length of service. Five years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. Death benefits equal the employee's final full-year salary.

CERS also provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

<u>Years of Service</u>	<u>Portion Paid by KRS Insurance Fund</u>
Less than 4	0%
4-9 years	25%
10-14 years	50%
15-19 years	75%
20+ years	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Hazardous employees whose participation began on or after July 1, 2003, earn fifteen dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, such employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to annual adjustment based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Contributions – Benefit and contribution rates are established by state statute. Non-hazardous covered employees are required to contribute 5.00% of their salary to the plan. Non-hazardous covered employees who began participation on or after September 1, 2008, are required to contribute 6.00% of their salary to be allocated as follows: 5.00% to the member's account and 1.00% to the Insurance Fund. The City's contribution rate for non-hazardous employees was 23.34%, 26.79%, and 26.95% for the years ended June 30, 2024, 2023 and 2022, respectively.

Hazardous covered employees are required to contribute 8.00% of their salary to the plan. Hazardous covered employees who began participation on or after September 1, 2008 are required to contribute 9.00% of their salary to be allocated as follows: 8.00% to the member's account and 1.00% to the Insurance Fund. The City's contribution rate for hazardous employees was 43.69%, 49.59%, and 44.33% for the years ended June 30, 2024, 2023 and 2022, respectively.

CITY OF WEST BUECHEL, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 4 – OTHER NOTES (CONTINUED)

4.A. EMPLOYEE PENSION PLAN (CONTINUED)

For the year ended June 30, 2024, employer contributions of the City were \$142,768 which was comprised of \$136,873 in pension contributions and \$5,895 in OPEB contributions which is discussed later.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute 5% (nonhazardous) and 8% (hazardous) of their creditable compensation each month to their own account, and 1% to the Insurance Fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the board of trustees of the Kentucky Retirement Systems and CERS based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4% (nonhazardous) and 7.5% (hazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution.

The City has met 100% of the pension contribution funding requirement for the fiscal years ended June 30, 2024, 2023 and 2022, which were \$136,873, \$134,459, and \$217,952, respectively.

Pension Plan

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions
– At June 30, 2024, the City's reported a net pension liability of \$1,332,273 (\$433,307 non-hazardous and \$898,966 hazardous) for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's actual contributions to the pension plan relative to the actual contributions of all participating organizations.

The complete actuarial valuation report including all actuarial assumptions and methods is publicly available on the website at www.kyret.ky.gov or can be obtained as described previously.

For the year ended June 30, 2024, the City recognized pension expense of -\$296,061. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF WEST BUECHEL, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 4 – OTHER NOTES (CONTINUED)

4.A. EMPLOYEE PENSION PLAN (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Nonhazardous:		
Liability Experience	\$ 22,431	\$ 52,720
Assumption Change	-	39,713
Investment Experience	46,809	1,177
Changes in proportion and differences between employer contributions and proportionate share of plan contributions	1,669	72,339
Hazardous:		
Liability Experience	41,097	-
Assumption Change	-	70,207
Investment Experience	80,056	89,075
Changes in proportion and differences between employer contributions and proportionate share of plan contributions	117,941	1,003,051
	310,003	1,328,282
Contributions subsequent to measurement date	136,873	-
Total \$	446,876	\$ 1,328,282

The deferred outflows of resources related to the City's contributions to the pension plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. The deferred inflows of resources related to the net difference between projected and actual earnings on pension plan investments are amortized and recognized in pension expense over five years. All other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are amortized and recognized in pension expense over the average expected remaining service life of the entire plan membership, which is 2.85 years for non-hazardous employees and 4.22 years for hazardous employees. The net increase (decrease) in pension expense related to the amortization of these deferred inflows and outflows of resources is as follows:

Measurement Year Ending June 30,	
2024	\$ (350,933)
2025	(423,998)
2026	(196,006)
2027	(47,342)
2028 and thereafter	-
	\$ (1,018,279)

**CITY OF WEST BUECHEL, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

NOTE 4 – OTHER NOTES (CONTINUED)

4.A. EMPLOYEE PENSION PLAN (CONTINUED)

Actuarial assumptions – For financial reporting, the actuarial valuation as of June 30, 2023 was performed by Gabriel, Roeder, Smith & Company (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 ended June 30, 2023, using generally accepted actuarial principles.

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022, and include a change in investment return assumption from 6.25% to 6.50%. House Bill 506, passed during the 2023 legislative session, reinstated the partial Lump Sum Option form of payment for members who retire on or after January 1, 2024, with the lump-sum options expanded to include 48 or 60 times the member's monthly retirement allowance. 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. The total pension liability as of June 30, 2023 is determined using these updated benefit provisions. There were no other material plan provision changes.

Based on the June 30, 2023 actuarial valuation report, the actuarial methods and assumptions used to calculate the required contributions are below.

Actuarial Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Amortization Period	30-year closed period at June 30, 2019 Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets recognized
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service, for Nonhazardous; 3.55% to 19.05%, varies by service for Hazardous
Investment Rate of Return	6.25%
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Phase-In provision:	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018

CITY OF WEST BUECHEL, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 4 – OTHER NOTES (CONTINUED)

4.A. EMPLOYEE PENSION PLAN (CONTINUED)

The actuarial assumptions for CERS are:

Inflation	2.50%
Payroll Growth Rate	2.00%
Salary Increase	3.30% to 10.30%, varies by service, non-hazardous
	3.55% to 19.05%, varies by service, hazardous
Investment Rate of Return	6.50%

The mortality table used for active members was a PUB-2010 General Mortality table, for the nonhazardous plan participants, and the PUB-2010 Public Safety Mortality table for the hazardous plan participants, 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.

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

The target allocation and best estimates of arithmetic real rate of return for each major asset class for CERS are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity		
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Fixed Income		
Core Fixed Income	10.00%	2.45%
Specialty Credit	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected:		
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 for Portfolio		8.25%

CITY OF WEST BUECHEL, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 4 – OTHER NOTES (CONTINUED)

4.A. EMPLOYEE PENSION PLAN (CONTINUED)

Discount rate – The discount rate used to measure the total pension liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumes that contributions from plan members and employers will be made at the required contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payment of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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, 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 or 1 percentage point higher than the current rate:

	1% Decrease - 5.50%	Current Discount Rate- 6.50%	1% Increase - 7.50%
Non-hazardous	\$ 547,076	\$ 433,307	\$ 338,760
Hazardous	1,135,160	898,966	706,050
Total Net Pension Liability	\$ 1,682,236	\$ 1,332,273	\$ 1,044,810

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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 \$36,268 (-\$9,324 non-hazardous and \$45,592 hazardous) for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City’s proportion of the net OPEB liability was based on the City’s actual contributions to the OPEB plan relative to the actual contributions of all participating organizations.

The complete actuarial valuation report including all actuarial assumptions and methods is publicly available on the website at www.kyret.ky.gov or can be obtained as described previously.

For the year ended June 30, 2024, the City recognized OPEB expense of -\$137,193. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF WEST BUECHEL, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 4 – OTHER NOTES (CONTINUED)

4.A. EMPLOYEE PENSION PLAN (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Nonhazardous:		
Liability Experience	\$ 6,500	\$ 132,386
Assumption Change	18,348	12,787
Investment Experience	17,449	19,613
Changes in proportion and differences between employer contributions and proportionate share of plan contributions	7,957	42,316
Hazardous:		
Liability Experience	4,124	187,963
Assumption Change	31,131	47,528
Investment Experience	41,494	47,773
Changes in proportion and differences between employer contributions and proportionate share of plan contributions	73,668	343,481
	200,671	833,847
Contributions subsequent to measurement date	5,895	-
Total \$	206,566	\$ 833,847

The deferred outflows of resources related to the City's contributions to the OPEB plan subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. The deferred inflows of resources related to the net difference between projected and actual earnings on OPEB plan investments are amortized and recognized in OPEB expense over five years. All other amounts reported as deferred outflows of resources and deferred inflows of resources are amortized and recognized in OPEB expense over the average of the expected remaining service lives of all employees that are provided OPEB through the OPEB plan which is 5.84 years for hazardous employees and 4.85 years for non-hazardous employees.

The net decrease in OPEB expense for future years related to the amortization of deferred inflows and outflows of resources is as follows:

Measurement Year Ending June 30,	
2024	\$ (135,055)
2025	(141,663)
2026	(143,319)
2027	(153,853)
2028	(59,286)
	\$ (633,176)

CITY OF WEST BUECHEL, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 4 – OTHER NOTES (CONTINUED)

4.A. EMPLOYEE PENSION PLAN (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the report titled "2022 Actuarial Experiences Study for the Period Ending June 30, 2022". House Bill 506, passed during the 2023 legislative session, reinstated the Partial Lump Sum Option form of payment for members who retire on or after January 1, 2024 and adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month for all circumstances. The total OPEB liability as of June 30, 2023, is determined using these updated benefit provisions. There were no other material plan provision changes.

The actuarial assumption used in the June 30, 2023 valuation were based on the results of an actuarial experience study by Gabriel Roeder Smith (GRS) for a five year period ending June 30, 2022.

Long-term expected rate of return – The long-term expected return on plan assets was determined by using a building-block method in which best-estimated ranges of expected future real returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

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

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

**CITY OF WEST BUECHEL, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

NOTE 4 – OTHER NOTES (CONTINUED)

4.A. EMPLOYEE PENSION PLAN (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2022 valuation process and was updated to better reflect the plans' anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in healthcare costs. There were no other material assumption changes.

The actuarial assumptions for CERS are:

Actuarial Valuation Date	June 30, 2021
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 recognized
Amortization Method	Level percent of pay
Amortization Period	30-year closed period at June 30, 2019 Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.00%
Investment Rate of Return	6.25%
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service, for Nonhazardous; 3.55% to 19.05%, varies by service for Hazardous
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Healthcare Trend Rates (pre-65)	Initial trend starting at 6.30% at January 1, 2023, gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Healthcare Trend Rates (post-65)	Initial trend starting at 6.30% at January 1, 2023, gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.

CITY OF WEST BUECHEL, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 4 – OTHER NOTES (CONTINUED)

4.A. EMPLOYEE PENSION PLAN (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Discount Rate – The discount rate used to calculate the total OPEB liability increased from 5.70% to 5.93% for the non-hazardous fund and from 5.61% to 5.97% for the hazardous fund. The projection of cash flows used to determine the discount rate of 5.93% for non-hazardous and 5.97% for hazardous assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.50%, and a municipal bond rate of 3.86%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2023. However, the cost associated with the implicit employer subsidy was not included in the calculation of KPPA’s actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of KPPA’s trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the pension section above.

Sensitivity of the City’s proportionate share of the net OPEB liability to changes in the discount rate - The following presents the City’s proportionate share of the net OPEB liability, as well as what the City’s 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 discount rate:

	1% Decrease - 4.93%	Current Discount Rate- 5.93%	1% Increase - 6.93%
Non-hazardous	\$ 17,497	\$ (9,324)	\$ (31,783)
	1% Decrease - 4.97%	Current Discount Rate- 5.97%	1% Increase - 6.97%
Hazardous	115,303	45,592	(12,496)
Total Net Pension Liability	\$ 132,800	\$ 36,268	\$ (44,279)

Sensitivity of the City’s proportionate share of the net OPEB liability to changes in the healthcare cost trend rates – The following presents the City’s proportionate share of the net OPEB liability, as well as what the City’s 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:

	1% Decrease	Current Health Care Trend	1% Increase
Non-hazardous	\$ (29,884)	\$ (9,324)	\$ 15,933
Hazardous	519	45,592	100,027
Total	\$ (29,365)	\$ 36,268	\$ 115,960

CITY OF WEST BUECHEL, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 4 – OTHER NOTES (CONTINUED)

4.A. EMPLOYEE PENSION PLAN (CONTINUED)

DEFERRED COMPENSATION PLANS

The City's employees may elect to participate in a deferred compensation plans offered by the Kentucky Public Employees Deferred Compensation Authority under sections 401(k) and 457 of the Internal Revenue Code. Under the plans, employees may defer up to 100% of their compensation after deducting required contributions to the CERS plan. The City does not make matching contributions to these plans.

4.B. INTERGOVERNMENTAL REVENUE

Under the provisions of state law, the Commonwealth of Kentucky reimbursed the City for police incentive training and other miscellaneous operating costs during the year ended June 30, 2024 that are recorded in the General Fund.

4.C. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables as of June 30, 2024 were \$0.

4.D. MAJOR TAXPAYERS

Walmart, Kroger, Lowes, and Target are major taxpayer of the City of West Buechel. Occupational, Gross Receipts, and Property taxes collected from them represented the majority these taxes collected.

4.E. LITIGATION

The City is a party to several pending lawsuits that normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. While the outcome of these proceedings cannot be predicted, due to the insurance coverage maintained by the City, the City feels any potential loss is uncertain.

4.F. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City maintains commercial insurance coverage for each of the above risks of loss. Management believes that such coverage is sufficient to preclude any significant uninsured losses to the City.

4.G. - BUDGET

The City did not exceed total budgeted appropriations in the fiscal year ended June 30, 2024. Variances did exist between individual line items.

4.H.- SUBSEQUENT EVENTS

Management evaluated events and transactions that occurred after the balance sheet date for potential recognition and disclosure through December 12, 2024.

CITY OF WEST BUECHEL, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

4.I.-RESTATEMENT OF BEGINNING BALANCE

	Net Position	Governmental Funds
June 30, 2023, as previously stated	\$ 1,773,737	\$ 3,384,610
To correct prior year Retirement Payable	19,672	19,672
June 30, 2023, as restated	\$ 1,793,409	\$ 3,404,282

4.J.-RECENT GASB PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 101 “Compensated Absences” requiring the City to recognize liabilities for compensated absences for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This statement becomes effective for the fiscal year ending June 30, 2025. The City is evaluating the impact of this statement on the combined financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

Budgetary Comparison Schedules

Schedule of City's Proportionate Share of Net Pension Liability County Employees Retirement System

Schedule of City's Contributions County Employees Retirement System

Schedule of City's Proportionate Share of Net OPEB Liability County Employees Retirement System

Schedule of City's Contributions County Employees Retirement System OPEB

Notes to Supplemental Information

CITY OF WEST BUECHEL, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Bank Franchise Taxes	\$ 30,000	\$ 30,000	\$ 28,058	\$ (1,942)
Base Court	10,000	10,000	5,935	(4,065)
Business License	45,000	45,000	44,100	(900)
Franchise Fees	-	-	68,401	68,401
Gross Receipts Taxes	1,200,000	1,200,000	1,213,337	13,337
Insurance Premium Taxes	225,000	225,000	326,442	101,442
KLEFPF	50,000	50,000	38,969	(11,031)
LGEA	-	-	32	32
Occupational Taxes	1,100,000	1,100,000	1,231,420	131,420
Other Income	5,000	5,000	35,551	30,551
Investment Income	6,000	6,000	80,062	74,062
Insurance Proceeds	-	-	40,121	40,121
Police Reports	1,000	1,000	785	(215)
Property Taxes	300,000	300,000	316,464	16,464
Sale of asset	10,000	10,000	-	(10,000)
Telecommunications Tax	7,000	7,000	5,636	(1,364)
Total Revenue	<u>2,989,000</u>	<u>2,989,000</u>	<u>3,435,313</u>	<u>446,313</u>
Fund balance-Beginning of year, as restated	<u>800,000</u>	<u>800,000</u>	<u>3,129,868</u>	<u>2,329,868</u>
Total Available Resources	<u>3,789,000</u>	<u>3,789,000</u>	<u>6,565,181</u>	<u>2,776,181</u>
EXPENDITURES				
Administration	966,600	966,600	827,156	(139,444)
Community Center	233,100	233,100	174,423	(58,677)
Police Department	1,768,100	1,768,100	1,065,793	(702,307)
Public Works	305,700	305,700	172,513	(133,187)
Insurance Related Expenditures	515,500	515,500	357,409	(158,091)
Total Expenditures	<u>3,789,000</u>	<u>3,789,000</u>	<u>2,597,294</u>	<u>(1,191,706)</u>
Transfer In (Out)	<u>-</u>	<u>-</u>	<u>(2,241)</u>	<u>(2,241)</u>
Fund balance-June 30, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,965,646</u>	<u>\$ 3,965,646</u>

CITY OF WEST BUECHEL, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
ROAD FUND- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Municipal Road Aid	\$ 24,000	\$ 24,000	\$ 29,430	\$ 5,430
Interest	-	-	387	387
Total Revenue	<u>24,000</u>	<u>24,000</u>	<u>29,817</u>	<u>5,817</u>
Fund balance-Beginning of year	<u>115,000</u>	<u>115,000</u>	<u>117,433</u>	<u>2,433</u>
Total Available Resources	<u>139,000</u>	<u>139,000</u>	<u>147,250</u>	<u>8,250</u>
EXPENDITURES				
Municipal Road Aid	<u>125,000</u>	<u>125,000</u>	<u>5,066</u>	<u>(119,934)</u>
Total Expenditures	<u>125,000</u>	<u>125,000</u>	<u>5,066</u>	<u>(119,934)</u>
Transfer In (Out)	<u>-</u>	<u>-</u>	<u>18</u>	<u>18</u>
Fund balance-June 30, 2024	<u>\$ 14,000</u>	<u>\$ 14,000</u>	<u>\$ 142,202</u>	<u>\$ 128,202</u>

**CITY OF WEST BUECHEL, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
POLICE FUND- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Police Forfeiture	\$ 100	\$ 100	\$ 110	\$ 10
Shop with a Cop	1,100	1,100	750	(350)
Opioid Settlement	-	-	1,474	1,474
Interest	-	-	7	7
Total Revenue	<u>1,200</u>	<u>1,200</u>	<u>2,341</u>	<u>1,141</u>
Fund balances-Beginning of year	<u>4,200</u>	<u>4,200</u>	<u>6,740</u>	<u>2,540</u>
Total Available Resources	<u>5,400</u>	<u>5,400</u>	<u>9,081</u>	<u>3,681</u>
EXPENDITURES				
Police Forfeiture	700	700	-	(700)
Shop with a Cop	1,100	1,100	4,943	3,843
Opioid Settlement	-	-	-	-
Total Expenditures	<u>1,800</u>	<u>1,800</u>	<u>4,943</u>	<u>3,143</u>
Transfer In (Out)	<u>-</u>	<u>-</u>	<u>2,223</u>	<u>2,223</u>
Fund balances-June 30, 2024	<u>\$ 3,600</u>	<u>\$ 3,600</u>	<u>\$ 6,361</u>	<u>\$ 2,761</u>

**CITY OF WEST BUECHEL, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
ARPA FUND- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
ARPA	\$ -	\$ -	\$ -	\$ -
Interest	-	-	157	157
Total Revenue	-	-	157	157
Fund balance-Beginning of year	36,000	36,000	150,241	114,241
Total Available Resources	36,000	36,000	150,398	114,398
EXPENDITURES				
ARPA Expenditures	36,000	36,000	150,398	114,398
Total Expenditures	36,000	36,000	150,398	114,398
Fund balance-June 30, 2024	\$ -	\$ -	\$ -	\$ -

CITY OF WEST BUECHEL, KENTUCKY
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM
JUNE 30, 2024

Year Ended June 30th	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Employee Payroll	City's Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Non Hazardous					
2024	0.006753%	\$ 433,307	\$ 278,780	155.43%	57.48%
2023	0.008170%	\$ 579,550	\$ 230,667	251.25%	52.42%
2022	0.008643%	\$ 551,059	\$ 224,248	245.74%	57.33%
2021	0.007621%	\$ 584,524	\$ 220,769	264.77%	47.81%
2020	0.008509%	\$ 598,442	\$ 195,210	306.56%	50.45%
2019	0.011400%	\$ 691,676	\$ 158,135	437.40%	53.54%
Hazardous					
2024	0.03335%	\$ 898,966	\$ 228,492	393.43%	52.96%
2023	0.05498%	\$ 1,677,813	\$ 212,063	791.19%	47.11%
2022	0.08989%	\$ 2,393,015	\$ 499,999	478.60%	52.26%
2021	0.08110%	\$ 2,445,188	\$ 672,719	363.48%	44.11%
2020	0.06291%	\$ 1,737,760	\$ 473,818	366.76%	46.63%
2019	0.09910%	\$ 2,397,320	\$ 275,876	868.98%	49.26%

Note 1--This schedule is presented to illustrate the requirement to show information for 10-years. However, until a full 10-year trend is compiled, the City is presenting information for those years for which information is available.

Note 2--The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**CITY OF WEST BUECHEL, KENTUCKY
SCHEDULE OF CITY'S CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2024**

Year Ended June 30th	Statutorily Required Contribution	Contribution Relative to Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered Employee Payroll	Contribution as a Percentage of Covered Employee Payroll
Non Hazardous					
2024	\$ 42,940	\$ 42,940	\$ -	\$ 278,780	23.34%
2023	\$ 42,455	\$ 42,455	\$ -	\$ 230,667	23.40%
2022	\$ 47,473	\$ 47,473	\$ -	\$ 224,248	21.17%
2021	\$ 42,494	\$ 42,494	\$ -	\$ 220,769	19.30%
2020	\$ 37,675	\$ 37,675	\$ -	\$ 195,210	19.30%
2019	\$ 35,624	\$ 35,624	\$ -	\$ 158,135	16.22%
Hazardous					
2024	\$ 93,933	\$ 93,933	\$ -	\$ 228,492	41.11%
2023	\$ 92,004	\$ 92,004	\$ -	\$ 212,063	42.81%
2022	\$ 170,479	\$ 170,479	\$ -	\$ 499,999	33.86%
2021	\$ 202,359	\$ 202,359	\$ -	\$ 672,719	30.06%
2020	\$ 142,429	\$ 142,429	\$ -	\$ 473,818	30.06%
2019	\$ 97,495	\$ 97,495	\$ -	\$ 275,876	24.87%

Note 1--This schedule is presented to illustrate the requirement to show information for 10-years. However, until a full 10-year trend is compiled, the City is presenting information for those years for which information is available.

Note 2--The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**CITY OF WEST BUECHEL, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION OF PENSION REPORTING
COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2024**

Changes in Assumptions and Benefit Terms from 2023 to 2024 : Since the prior measurement date, the Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the Report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022", and include a change in the investment return assumption from 6.25% to 6.50%; an increase in the inflation rate from 2.3% to 2.5%; a change in the healthcare trend rates at January 1, 2025 used to from an initial trend starting at 6.3% to 6.8% for Pre-65 retirees and from an initial trend starting at 6.3% to 8.5% for Post-65 retirees; and an increase in the discount rate from 5.70% to 5.93% (non-hazardous plan) and 5.61% to 5.97% (hazardous plan). House Bill 506 passed during the 2023 legislative session reinstated the Partial Lump Sum Option Form of payment for members who retire on and after January 1, 2024, and adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month for all circumstances.

Changes in Assumptions and Benefit Terms from 2021 to 2022. Since the prior measurement date, there have been no significant assumption changes. However, Senate Bill 209, passed during the 2022 Legislative Session, increased the insurance dollar contribution for members hired on or after July 1, 2003 and is first payable January 1, 2023.

Changes in Assumptions and Benefit Terms from 2020 to 2021 – There were no changes noted.

Changes in Assumptions and Benefit Terms from 2019 to 2020--Since the prior measurement date, annual salary increases were updated based on the 2018 Experience Study; annual rates of retirement, disability, withdrawal, and mortality were updated based on the 2018 Experience Study; the percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for non-hazardous members and 50% for hazardous members; the assumed increase in future health care costs, or trend assumption, is reviewed on an annual basis and was updated (i.e. increased) to better reflect more current expectations relating to anticipated future increases in the medical costs for post-age 65 retirees; and the assumed impact of the Cadillac Tax was changed from a 3.6% to a 0.9% load on employer paid premiums for Non-Medicare retirees who became participants prior to July 1, 2003.

Changes in Assumptions and Benefit Terms from 2018 to 2019--Since the prior measurement date, there have been no changes in actuarial assumptions. However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The TPL as of June 30, 2018 was determined using these updated benefit provisions.

Changes in Assumptions and Benefit Terms from 2017 to 2018--Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated as described: (i) the assumed investment rate of return was decreased from 7.50% to 6.25%, (ii) the assumed rate of inflation was reduced from 3.25% to 2.30%, and (iii) payroll growth assumption was reduced from 4.00% to 2.00%.

Changes in Assumptions and Benefit Terms from 2016 to 2017--There were no changes noted.

**CITY OF WEST BUECHEL, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION OF PENSION REPORTING
COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2024**

Changes in Assumptions and Benefit Terms from 2015 to 2016--Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated as described: (i) the assumed investment rate of return was decreased from 7.75% to 7.50%, (ii) the assumed rate of inflation was reduced from 3.50% to 3.25%, (iii) the assumed rate of wage inflation was reduced from 1.00% to 0.75%, (iv) payroll growth assumption was reduced from 4.50% to 4.00%, (v) the mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted, and (vi) the assumed rates of retirement, withdrawal and disability were updated to more accurately reflect experience.

Period Covered by the Required Supplementary Information--GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, an Amendment of GASB Statement No. 27 requires the accompanying supplementary information to report on trend information for the previous ten fiscal years if the information is available. The City has been provided this information for seven fiscal years and will expand this supplementary information in future financial statements to cover additional periods as it becomes available.

CITY OF WEST BUECHEL, KENTUCKY
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM
JUNE 30, 2024

Year Ended June 30th	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability (Asset)	City's Covered Employee Payroll	City's Share of the Net OPEB Liability (Asset) as a Percentage of Its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Non Hazardous					
2024	0.006753%	\$ (9,324)	\$ 278,780	-3.34%	104.23%
2023	0.008015%	\$ 158,177	\$ 230,667	68.57%	60.95%
2022	0.008641%	\$ 165,428	\$ 224,248	73.77%	62.91%
2021	0.007619%	\$ 183,976	\$ 220,769	83.33%	51.67%
2020	0.008629%	\$ 145,136	\$ 195,210	74.35%	60.44%
2019	0.011357%	\$ 201,641	\$ 158,135	127.51%	57.62%
Hazardous					
2024	0.033322%	\$ 45,592	\$ 228,492	19.95%	92.27%
2023	0.054956%	\$ 468,107	\$ 212,063	220.74%	64.13%
2022	0.089889%	\$ 726,806	\$ 499,999	145.36%	66.81%
2021	0.081074%	\$ 749,209	\$ 672,719	111.37%	58.84%
2020	0.062897%	\$ 465,350	\$ 473,818	98.21%	64.44%
2019	0.099913%	\$ 706,771	\$ 275,876	256.19%	64.24%

Note 1--This schedule is presented to illustrate the requirement to show information for 10-years. However, until a full 10-year trend is compiled, the City is presenting information for those years for which information is available.

**CITY OF WEST BUECHEL, KENTUCKY
SCHEDULE OF CITY'S CONTRIBUTIONS OPEB
COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2024**

Year Ended June 30th	Contractually Required Contribution	Contribution Relative to Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Employee Payroll	Contribution as a Percentage of Covered Employee Payroll
Non Hazardous					
2024	\$ -	\$ -	\$ -	278,780	0.00%
2023	\$ 6,288	\$ 6,288	\$ -	230,667	3.39%
2022	\$ 12,962	\$ 12,962	\$ -	224,248	5.78%
2021	\$ 10,623	\$ 10,623	\$ -	220,769	4.76%
2020	\$ 9,292	\$ 9,292	\$ -	195,210	4.76%
2019	\$ 10,641	\$ 10,641	\$ -	158,135	5.26%
Hazardous					
2024	\$ 5,895	\$ 5,895	\$ -	228,492	2.58%
2023	\$ 13,187	\$ 13,187	\$ -	212,063	6.78%
2022	\$ 52,715	\$ 52,715	\$ -	499,999	10.47%
2021	\$ 63,903	\$ 63,903	\$ -	672,719	9.52%
2020	\$ 45,107	\$ 45,107	\$ -	473,818	9.52%
2019	\$ 29,122	\$ 29,122	\$ -	275,876	10.47%

Note 1--This schedule is presented to illustrate the requirement to show information for 10-years. However, until a full 10-year trend is compiled, the City is presenting information for those years for which information is available.

**CITY OF WEST BUECHEL, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION OF OPEB REPORTING
COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2024**

Changes in Assumptions and Benefit Terms from 2023 to 2024- Since the prior measurement date, the Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022", and include a change in the investment return assumption from 6.25% to 6.50%; an increase in the inflation rate from 2.3% to 2.5%; a change in the healthcare trend rates at January 1, 2025 used to from an initial trend starting at 6.3% to 6.8% for Pre-65 retirees and from an initial trend starting at 6.3% to 8.5% for Post-65 retirees; and an increase in the discount rate from 5.70% to 5.93% (non-hazardous plan) and 5.61% to 5.97% (hazardous plan). House Bill 506 passed during the 2023 legislative session reinstated the Partial Lump Sum Option Form of payment for members who retire on and after January 1, 2024, and adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month for all circumstances.

Changes in Assumptions and Benefit Terms from 2022 to 2023- Since the prior measurement date, the discount rate used to calculate the total OPEB liability increased from 5.20% to 5.70% (non-hazardous plan) and 5.05% to 5.61% (hazardous plan). Senate Bill 209, passed during the 2022 Legislative Session, increased the insurance dollar contribution for members hired on or after July 1, 2003 and is first payable January 1, 2023.

Changes in Assumptions and Benefit Terms from 2021 to 2022- Senate Bill 169, passed during the 2021 Legislative Session, increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty related disability. The discount rate used to calculate the total OPEB liability changed from 5.34% to 5.20% (non-hazardous plan) and 5.30% to 5.05% (hazardous plan)

Changes in Assumptions and Benefit Terms from 2020 to 2021--Since the prior measurement dated, the discount rate used to calculate the total OPEB liability decreased from 5.68% to 5.34% for the Non-Hazardous Fund and from 5.69% to 5.30% for the Hazardous Fund. The assumed increase in future health care costs, or trend assumption was reviewed during the June 30, 2020 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. Also, the June 30, 2020 GASB No. 74 actuarial information reflects the anticipated savings from the repeal of the "Cadillac Tax" and "Health Insurer Fee", which occurred in December of 2019. The assumed load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11% to reflect the repeal of the Health Insurer Fee.

Changes in Assumptions and Benefit Terms from 2019 to 2020--Since the prior measurement date, annual salary increases were updated based on the 2018 Experience Study; annual rates of retirement, disability, withdrawal, and mortality were updated based on the 2018 Experience Study; the percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for non-hazardous members and 50% for hazardous members; the assumed increase in future health care costs, or trend assumption, is reviewed on an annual basis and was updated (i.e. increased) to better reflect more current expectations relating to anticipated future increases in the medical costs for post-age 65 retirees; and the assumed impact of the Cadillac Tax was changed from a 3.6% to a 0.9% load on employer paid premiums for Non-Medicare retirees who became participants prior to July 1, 2003.

**CITY OF WEST BUECHEL, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION OF OPEB REPORTING
COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2024**

Changes in Assumptions and Benefit Terms from 2018 to 2019--Since the prior measurement date, there have been no changes in actuarial assumptions. However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The TPL as of June 30, 2018 was determined using these updated benefit provisions.

Period Covered by the Required Supplementary Information--GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions and Financial Reporting for Pensions*, an Amendment of GASB Statement No. 45 requires the accompanying supplementary information to report on trend information for the previous ten fiscal years if the information is available. The City has been provided this information for four fiscal years and will expand this supplementary information in future financial statements to cover additional periods as it becomes available.

COBB & ASSOCIATES PLLC

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 5158
Louisville, KY 40255
Phone: 502.396.3968

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

To the Mayor and City Council
City of West Buechel, 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 of the City of West Buechel, Kentucky, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of West Buechel, Kentucky's basic financial statements and have issued our report thereon dated December 12, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of West Buechel, 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 West Buechel, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of West Buechel, 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of West Buechel, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

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.

Cobb & Associates PLLC

COBB & ASSOCIATES PLLC
Louisville, Kentucky

December 12, 2024

CITY OF WEST BUECHEL, KENTUCKY
MANAGEMENT CERTIFICATION OF COMPLIANCE
FOR THE YEAR ENDED JUNE 30, 2024

LOCAL GOVERNMENT ASSISTANCE

The City of West Buechel, Kentucky hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.


Brenda Moore, Mayor


Gwen Brown, City Clerk