

**NEIGHBORHOOD DEVELOPMENT FUND
Not-for-Profit Transmittal and Approval Form**

Applicant/Program: City of Hurstbourne/ ADA and Road Improvements Phase VII
Applicant Requested Amount: 30,000
Appropriation Request Amount: 30,000

Executive Summary of Request
This funding will be used for Phase VII of the City of Hurstbourne's ADA Improvements Program which will allow pedestrians (including the disabled) to utilize the sidewalks to connect from residential areas to commercial areas within the city.

Is this program/project a fundraiser? Yes No
Is this applicant a faith based organization? Yes No
Does this application include funding for sub-grantee(s)? Yes No

I have reviewed the attached Neighborhood Development Fund Application and have found it complete and within Metro Council guidelines and request approval of funding in the following amount(s). I have read the organization's statement of public purpose to be furthered by the funds requested and I agree that the public purpose is legitimate. I have also completed the disclosure section below, if required.

18 Margie Parker 30,000 7/12/18
District # Primary Sponsor Signature Amount Date

Primary Sponsor Disclosure
List below any personal or business relationship you, your family or your legislative assistant have with this organization, its volunteers, its employees or members of its board of directors.

Approved by:

Appropriations Committee Chairman Date
Final Appropriations Amount: _____

Applicant/Program:

City of Hurstbourne/ADA and Road Improvements Phase VII

Additional Disclosure and Signatures

Additional Council Office Disclosure

List below any personal or business relationship you, your family or your legislative assistant have with this organization, its volunteers, its employees or members of its board of directors.

Council Member Signature and Amount

District 1	_____	\$ _____
District 2	_____	\$ _____
District 3	_____	\$ _____
District 4	_____	\$ _____
District 5	_____	\$ _____
District 6	_____	\$ _____
District 7	_____	\$ _____
District 8	_____	\$ _____
District 9	_____	\$ _____
District 10	_____	\$ _____
District 11	_____	\$ _____
District 12	_____	\$ _____
District 13	_____	\$ _____
District 14	_____	\$ _____
District 15	_____	\$ _____

Applicant/Program:

City of Hurstbourne/ADA and Road Improvements Phase VII

Additional Disclosure and Signatures

Additional Council Office Disclosure

List below any personal or business relationship you, your family or your legislative assistant have with this organization, its volunteers, its employees or members of its board of directors.

District 16 _____ \$ _____

District 17 _____ \$ _____

District 18 _____ \$ _____

District 19 _____ \$ _____

District 20 _____ \$ _____

District 21 _____ \$ _____

District 22 _____ \$ _____

District 23 _____ \$ _____

District 24 _____ \$ _____

District 25 _____ \$ _____

District 26 _____ \$ _____

**LOUISVILLE METRO COUNCIL
NEIGHBORHOOD DEVELOPMENT FUND APPLICATION**

Legal Name of Applicant Organization City of Hurstbourne

Program Name and Request Amount ADA and Road Improvements Phase VII

	Yes/No/NA
Is the NDF Transmittal Sheet Signed by all Council Member(s) Appropriating Funding?	Yes <input type="checkbox"/>
Is the funding proposed by Council Member(s) less than or equal to the request amount?	Yes <input type="checkbox"/>
Is the proposed public purpose of the program viable and well-documented?	Yes <input type="checkbox"/>
Will all of the funding go to programs specific to Louisville/Jefferson County?	N/A <input type="checkbox"/>
Has Council or Staff relationship to the Agency been adequately disclosed on the cover sheet?	N/A <input type="checkbox"/>
Has prior Metro Funds committed/granted been disclosed?	Yes <input type="checkbox"/>
Is the application properly signed and dated by authorized signatory?	Yes <input type="checkbox"/>
Is proof of Tax Exempt status of 501(c) 3, 4, 6, 19, 1120-H included?	Yes <input type="checkbox"/>
If Metro funding is for a separate taxing district is the funding appropriated for a program outside the legal responsibility of that taxing district?	N/A <input type="checkbox"/>
Is the entity in good standing with: <ul style="list-style-type: none"> ▶ Kentucky Secretary of State? ▶ Louisville Metro Revenue Commission? ▶ Louisville Metro Government? ▶ Internal Revenue Service? ▶ Louisville Metro Human Relations Commission? 	Yes <input type="checkbox"/>
Is the current Fiscal Year Budget included?	Yes <input type="checkbox"/>
Is the entity's board member list (with term length/term limits) included?	Yes <input type="checkbox"/>
Is recommended funding less than 33% of total agency operating budget?	Yes <input type="checkbox"/>
Does the application budget reflect only the revenue and expenses of the project/program?	Yes <input type="checkbox"/>
Is the cost estimate(s) from proposed vendor (if request is for capital expense) included?	Yes <input type="checkbox"/>
Is the most recent annual audit (if required by organization) included?	Yes <input type="checkbox"/>
Is a copy of Signed Lease (if rent costs are requested) included?	N/A <input type="checkbox"/>
Is the Supplemental Questionnaire for churches/religious organizations (if requesting organization is faith-based) included?	N/A <input type="checkbox"/>
Are the Articles of Incorporation of the Agency included?	Yes <input type="checkbox"/>
Is the IRS Form W-9 included?	Yes <input type="checkbox"/>
Is the IRS Form 990 included?	Yes <input type="checkbox"/>
Are the evaluation forms (if program participants are given evaluation forms) included?	N/A <input type="checkbox"/>
Affirmative Action/Equal Employment Opportunity plan and/or policy statement included (if required to do so)?	N/A <input type="checkbox"/>
Has the Agency agreed to participate in the BBB Charity review program? If so, has the applicant met the BBB Charity Review Standards?	N/A <input type="checkbox"/>

Prepared by: Chris Lewis

Date: 7/12/18

LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

SECTION 3 – AGENCY DETAILS

Describe Agency's Vision, Mission and Services:

The City of Hurstbourne's goal is to make the "City" a "walkable" community, allowing residents to "connect" to other portions of the City, and ensure that people with disabilities may also utilize the sidewalks.

LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

SECTION 4 - BOARD OF DIRECTORS AND PAID STAFF

Board Member	Term End Date
MARY SCHNEIDER - MAYOR	12/31/2018
BEN JACKSON - COMMISSIONER	12/31/2018
EARL HUBBUCH - COMMISSIONER	12/31/2018
LOIS WAGNER - COMMISSIONER	12/31/2018
NORB HANCOCK - COMMISSIONER	12/31/2018

Describe the Board term limit policy:
MAYOR - 4 YEARS
COMMISSIONERS - 2 YEARS

Three Highest Paid Staff Names	Annual Salary
JIM LEIDGEN	88,740
VICTORIA LEMKE	42,028

LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

SECTION 5 – PROGRAM/PROJECT NARRATIVE

A: Describe the program/project start and end dates, a description of the program/project and applicable data with regards to specific client population the program will address (attach related flyers, planning minutes, designs, event permits, proposals for services/goods, etc.):

The improvement of handicap ramps and sidewalks within the City of Hurstbourne will allow pedestrians (including the disabled) to utilize the sidewalks to connect from residential areas to commercial areas within the City. These improvements will "enhance the quality of life" for residents and visitors within the City. The City receives numerous calls related to ramp and sidewalk improvements on a regular basis, and an audit performed in 2011 helped to prioritize areas of need.

This Additional Phase of the City of Hurstbourne ADA Improvements Program will complete handicap improvements on streets that have included sidewalk repairs, but still required replacement of handicap ramps to become fully compliant. Construction of this project will begin in the fall of 2018 and be completed prior to the end of the fiscal year. In addition, this year will also include some curb areas that require repair including around catch basin inlets along with additional sidewalk shaving of some streets where major repairs were made, but lesser shaving was needed to become compliant.

B: Describe specifically how the funding will be spent including identification of funding to sub grantee(s):
The funding will be spent directly on handicap replacements and curb repairs on the following streets (an engineers estimate is attached):

- Linn Station Road close to Hurstbourne Parkway and in front of the Church of Latter Day Saints (this work was not completed in the previous phase)
- Hogarth Drive (this work was not completed in the previous phase)
- Additional Sidewalk "Shaving" will be provided on Leighton Circle, Hadleigh Place, Leesgate Road, and Whittington Parkway.
- Curb repairs including some grate replacements along Colonel Anderson Parkway

LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

C: If this request is a fundraiser, please detail how the proceeds will be spent:

N/A

D: For Expenditure Reimbursement Only – The grant award period begins with the Metro Council approval date and ends on June 30 of Metro fiscal year in which the grant is approved. If any part of this funding request is for funds to be spent before the grant award period, identify the applicable circumstances:

The funding request is a reimbursement of the following expenditures that will probably be incurred after the application date, but prior to the execution of the grant agreement:

- ✓ If selecting this option, the invoice, receipt and payment documentation should not be available as of the date of this application.

The Grantee will be required to submit financial reporting in accordance with the reporting schedule provided in the grant agreement.

Reimbursements should not be made before application date unless an emergency can be demonstrated by the primary council sponsor. The funding request is a reimbursement of the following expenditures (attach invoices or proof of payment):

- ✓ Attach a copy of invoices and/or receipts to provide proof of purchase of activities associated with the work plan identified in this application.
- ✓ Attach a copy of cancelled checks to provide proof of payment of the invoices or receipts associated with the work plan identified in this application.

LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

E: Describe the program's benefits to those being served (measurable outcomes). Include the program's process for collecting data and the indicators that will be tracked to measure the benefits to those being served:

The improvement of handicap ramps and sidewalks within the City of Hurstbourne will allow pedestrians (including the disabled) to utilize the sidewalks to connect from residential areas to commercial areas within the City. These improvements will "enhance the quality of life" for residents and visitors within the City. The City receives numerous calls related to ramp and sidewalk improvements on a regular basis, and an audit performed in 2011 helped to prioritize areas of need.

F: Briefly describe any existing collaborative relationships the organization has with other community organizations. Describe what those partners are bringing to the relationship in general and to this program/project specifically.

N/A

LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

THE PROGRAM/PROJECT BUDGET SHOULD REALISTICALLY ESTIMATE WHAT AMOUNT IS NEEDED FROM METRO GOVERNMENT AND WHAT IS EXPECTED FROM OTHER SOURCES.

A: Personnel Costs Including Benefits			
B: Rent/Utilities			
C: Office Supplies			
D: Telephone			
E: In-town Travel			
F: Client Assistance (See Detailed List on Page 8)			
G: Professional Service Contracts			
H: Program Materials			
I: Community Events & Festivals (See Detailed List on Page 8)			
J: Machinery & Equipment			
K: Capital Project	30,000	30,000	60,000
L: Other Expenses (See Detailed List on Page 8)			
*TOTAL PROGRAM/PROJECT FUNDS	30,000	30,000	60,000
% of Program Budget	50 %	50 %	100%

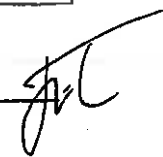
List funding sources for total program/project costs in Column 2, Non-Metro Funds:

Other State, Federal or Local Government	30,000
United Way	
Private Contributions (do not include individual donor names)	
Fees Collected from Program Participants	
Other (please specify)	
Total Revenue for Columns 2 Expenses **	30,000

*Total of Column 1 MUST match *Total Request on Page 1, Section 2*

**Must equal or exceed total in column 2.

Applicant's Initials




LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

Detail for Client Assistance, Community Events & Festivals or Other Expenses shown on Page 7 (circle one and use multiple sheets if necessary)	Column 1	Column 2	Column (1 + 2)=3
	Proposed Metro Funds	Non-Metro Funds	Total Funds
N/A			
Total			

LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

Detail of In-Kind Contributions for this PROGRAM only: Includes Volunteers, Space, Utilities, etc. (Include anything not bought with cash revenues of the agency).

Donor*/Type of Contribution	Value of Contribution	Method of Valuation
N/A		
<p align="center">Total Value of In-Kind (to match Program Budget Line Item. Volunteer Contribution & Other In Kind)</p>		

*** DONOR INFORMATION REFERS TO WHO MADE THE IN KIND CONTRIBUTION. VOLUNTEERS NEED NOT BE LISTED INDIVIDUALLY, BUT GROUPED TOGETHER ON ONE LINE AS A TOTAL NOTING HOW MANY HOURS PER PERSON PER WEEK**

Agency Fiscal Year Start Date: July 2018 (FY2019)

Does your Agency anticipate a significant increase or decrease in your budget from the current fiscal year to the budget projected for next fiscal year? NO YES

If YES, please explain:

LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

By signing Section 7 of the Grant Application, the authorized official signing for the applicant organization certifies and assures to the best of his or her knowledge and/or belief the following Assurances and Certifications. If there is any reason why one or more of the assurances or certifications listed cannot be certified or assured, please explain in writing and attach to this application.

Standard Assurances

1. Applicant understands this application and its attachments as well as any resulting grant agreement, reports and proof of expenditure is subject to Kentucky's open records law.
2. Applicant understands if the grant agreement is not returned to Louisville Metro within 90 days of its mailing to the applicant, the approval is automatically revoked and the funds will not be disbursed to our organization.
3. Applicant and any sub grantee will give Louisville Metro Government access to and the right to examine all paper or electronic records related to the awarded grant for up to five years of the grant agreement date.
4. Applicant assures compliance with the grant requirements and will monitor the performance of any third party (sub-grantee).
5. The Agency is in good standing with the Kentucky Secretary of State, Louisville Metro Government, the Jefferson County Revenue Commission, the Internal Revenue Service, and the Louisville Metro Human Relations Commission.
6. Applicant understands failure to provide the services, programs, or projects included in the agreement will result in funds being withheld or requested to be returned if previously disbursed.
7. Applicant understands they must return to Louisville Metro any unexpended funds by July 31 following the Metro Louisville's fiscal year end.
8. Applicant understands they must provide proof of all expenditures (canceled checks, receipts, paid invoices). The Applicant understands the failure to provide proof of expenditures as required in the grant agreement could result in funding being withheld or request to be returned if previously disbursed.
9. Applicant understands if this application is approved, the grant agreement will identify an award period that begins with the Metro Council approval date, and will end with June 30 of the fiscal year in which the grant is approved. Expenditures associated with this award expected to occur prior to the award period (approval date) must be disclosed in this application in order to be considered compliant with the grant agreement.
10. Applicant understands if we choose to incur expenditures prior to the approval of the application by the Metro Council, there is no guarantee that funding will be reimbursed, as the Council may choose not to award the application.
11. Applicant will establish safeguards to prohibit employees or any person that receives compensation from awarded funds from using their position for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.

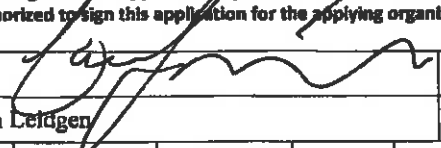
Standard Certifications

1. The Agency certifies it will not use Louisville Metro Government funds for any religious, political or fraternal Activities.
2. The Agency has a written Affirmative Action/Equal Opportunity Policy.
3. The Agency does not discriminate in employment or in provision of any service/program/activity/event based on age, color, disabled status, national origin, race, religion, sex, gender identity or sexual orientation, or Vietnam era veteran status.
4. The Agency certifies it will not require clients, recipients, or beneficiaries to participate in religious, political, fraternal or like activities in order to receive services/benefits provided with Louisville Metro Government funds.
5. The Agency understands the Americans with Disabilities Act (ADA) and makes reasonable accommodations.

Relationship Disclosure: List below any relationship you or any member of your Board of Directors or employees has with any Councilperson, Councilperson's family, Councilperson's staff or any Louisville Metro Government employee.

No existing relationships

I certify under the penalty of law the information in this application (including, without limitation, "Certifications and Assurances") is accurate to the best of my knowledge. I am aware my organization will not be eligible for funding if investigation at any time shows falsification. If falsification is shown after funding has been approved, any allocations already received and expended are subject to be repaid. I further certify that I am legally authorized to sign this application for the applying organization and have initialed each page of the application.

Signature of Legal Signatory:		Date:	5/15/2018
Legal Signatory: (please print):	Jim Leidgen	Title:	CAO
Phone:	(502) 426-4808	Extension:	
Email:	jim@hurstbourne.org		

JEL



Department of the Treasury
Internal Revenue Service

P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248230137
June 02, 2014 LTR 4076C 0

000000 00

00021431

BODC: TE

CITY OF HURSTBOURNE
304 WHITTINGTON PKWY
LOUISVILLE KY 40222



22711

Federal Identification Number: [REDACTED]
Person to Contact: Ms. Edwards
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This responds to your request for information about your federal tax status. Our records do not specify your federal tax status. However, the following general information about the tax treatment of state and local governments and affiliated organizations may be of interest to you.

GOVERNMENTAL UNITS

Governmental units, such as States and their political subdivisions, are not generally subject to federal income tax. Political subdivisions of a State are entities with one or more of the sovereign powers of the State such as the power to tax. Typically they include counties or municipalities and their agencies or departments. Charitable contributions to governmental units are tax-deductible under section 170(c)(1) of the Internal Revenue Code if made for a public purpose.

ENTITIES MEETING THE REQUIREMENTS OF SECTION 115(1)

An entity that is not a governmental unit but that performs an essential government function may not be subject to federal income tax, pursuant to Code section 115(1). The income of such entities is excluded from the definition of gross income as long as the income (1) is derived from a public utility or the exercise of an essential government function, and (2) accrues to a State, a political subdivision of a State, or the District of Columbia. Contributions made to entities whose income is excluded income under section 115 may not be tax deductible to contributors.

TAX-EXEMPT CHARITABLE ORGANIZATIONS

An organization affiliated with a State, county, or municipal government may qualify for exemption from federal income tax under section 501(c)(3) of the Code, if (1) it is not an integral part of the government, and (2) it does not have governmental powers inconsistent with exemption (such as the power to tax or to exercise enforcement or regulatory powers). Note that entities may meet the requirements of both sections 501(c)(3) and 115 under certain circumstances. See Revenue Procedure 2003-12, 2003-1 C.B. 316.

Kentucky Secretary of State Alison Lundergan Grimes

Secretary of State / Administration / Land Office / Kentucky Cities

Land Office

Hurstbourne, Kentucky

Search Again

Class (ending Dec. 31, 2014):	4
Class (effective Jan. 1, 2015):	Home Rule
Status:	Active
Incorporated:	1982-08-12
County:	Jefferson
Area Development	KIPDA
County Seat	No
Form Of Government:	Mayor - Commission
Type of Election (City Officials):	Non-Partisan
City Waives Primary Election (City Officials):	Yes

There are no pictures for Hurstbourne, Kentucky.
Post one on our website today. [Click Here.](#)

Interactive Map (Courtesy Kentucky Geography Network)

Notes: 1980 population: 3,530

City Links:

[ADD Website](#)

[County Website](#)

County Links:

[Jefferson County Clerk](#)

[Jefferson County Genealogy](#)

[Jefferson County History &](#)

[Genealogy](#)

[Jefferson County PVA](#)

[Jefferson County Sheriff](#)

Population Estimates:

1990: 4412

1991: 4501

1992: 4607

1993: 4640

1994: 4639

1995: 4638

1996: 4616

1997: 4614

1998: 4624

1999: 4739

2000: 3889

2001: 3908

2002: 3928

2003: 3959

*Compiled by the Ky. State Data Center. Population Estimates may change as city boundaries are adjusted.

Mayor	Robert English
Meeting Times:	2nd & 4th Tue 4:30pm
Office Hours:	Mon-Fri 9:00am-5:00pm
Website:	www.hurstbourne.org

Current Filings (KRS 81.045 to present date)

Date Filed	Type	Ordinance	Map Status	Notes
2016-05-19	Population Estimate			U. S. Census Bureau Population Estimate as of July 1, 2015: 4,359
2015-05-21	Population (2010)			Population Total per 2010 U.S. Decennial Census: 4,216
2014-07-28	Declaration (TIFF) (PDF)	pursuant to HB 331 (2014)		Acknowledgment of Reclassification (Home Rule), Statement of Form of Government (Mayor-Commission), Name of City, & Year of Incorporation
2000-12-27	Resignation & Appointment			City Commissioner
2000-04-27	Appointment			City Commissioner
1983-05-26	Census			Population: 3,530 (1980)
1983-01-26	Annexation	Ord. #8, Series FYE1983	MAPPABLE	
1982-09-15	Incorporation	82-CI-00902	MAPPABLE	Jefferson Circuit Court Judgment

**Request for Taxpayer
 Identification Number and Certification**

Give Form to the requester. Do not send to the IRS.

▶ Go to www.irs.gov/FormW9 for instructions and the latest information.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

CITY OF HURSTBOURNE

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.

Individual/sole proprietor or single-member LLC

C Corporation

S Corporation

Partnership

Trust/estate

Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____

Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

Other (see instructions) ▶ _____

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any) _____

Exemption from FATCA reporting code (if any) _____

(Applies to accounts maintained outside the U.S.)

5 Address (number, street, and apt. or suite no.) See instructions.

200 WHITTINGTON PARKWAY, STE 100

Requester's name and address (optional)

6 City, state, and ZIP code

LOUISVILLE, KY 40222

7 List account number(s) here (optional)

Print or type. See Specific Instructions on page 3.

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN, later*.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number

		-		-	
--	--	---	--	---	--

or

Employer identification number

--

Part II Certification

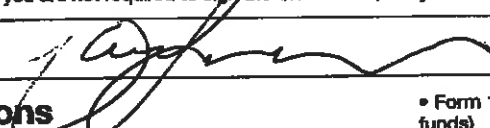
Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here

Signature of U.S. person ▶



Date ▶ 6-12-18

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.

**CITY OF HURSTBOURNE, KENTUCKY
ORDINANCE NO. 17-04**

**AN ORDINANCE ADOPTING AN ANNUAL BUDGET FOR THE CITY OF HURSTBOURNE FOR THE
FISCAL YEAR JULY 1, 2017 TO JUNE 30, 2018
BY ESTIMATING REVENUES AND RESOURCES AND APPROPRIATING FUNDS
FOR THE OPERATION OF CITY GOVERNMENT**

WHEREAS, an annual budget proposal has been prepared and delivered to the City Commission; and
WHEREAS, the City Commission has reviewed said budget proposal and made necessary modifications
in public session, now, therefore, BE IT ORDAINED BY THE CITY OF HURSTBOURNE:

Section 1: That the annual budget for the fiscal year ending June 30, 2018, is hereby adopted as follows:

	<u>General Fund</u>	<u>Road Fund</u>	<u>TOTAL</u>
Resources Available:			
Prior Yr. Carry-Forward & Funds Appropriations	\$257,825	\$0	\$257,825
Estimated Revenues:			
State Road Fund		\$85,000	\$85,000
Property Taxes	\$1,288,308		\$1,288,308
Interest and Penalties	\$5,000		\$5,000
Insurance Premium Tax	\$720,000		\$720,000
Cable Franchise Fees	\$28,000		\$28,000
Bank Deposit Tax	\$65,000		\$65,000
Sign Fees	\$7,000		\$7,000
Alcohol Beverage Fees	\$16,000		\$16,000
Home Occupation Fees	\$600		\$600
Business License Fees	\$8,500		\$8,500
State Coal/Mineral Tax/Litter Abatement	\$200		\$200
Base Court Revenue (HB 413)	\$0		\$0
Interest General Fund	\$3,000		\$3,000
Miscellaneous Income	\$2,000		\$2,000
200 Whittington Bldg. - Tenant Leases	\$50,000		\$50,000
200 Whittington Bldg. - Other Income	\$0		\$0
Subtotal Revenues	\$2,193,608	\$85,000	\$2,278,608
Property Tax Discounts / Uncollected Accounts	(\$52,000)	\$0	(\$52,000)
Total Revenues	\$2,141,608	\$85,000	\$2,226,608
Total Resources available for Appropriations	\$2,399,433	\$85,000	\$2,484,433
Expense Appropriations			
General Government	\$559,433		\$559,433
Public Works	\$1,069,000	\$85,000	\$1,154,000
Public Safety	\$212,000		\$212,000
Sanitation - Code Enforcement	\$449,000		\$449,000
Community Projects & Events	\$110,000		\$110,000
Total Expense Appropriations	\$2,399,433	\$85,000	\$2,484,433

Section 2: This Ordinance shall take effect upon passage and publication.

First Reading held on: Tuesday, May 23, 2017

Passed and Approved on: Tuesday, June 20, 2017

ATTEST:


James E. Leidgen, City Clerk


Mary Schneider, Mayor

City of Hurstbourne
STATEMENT OF FINANCIAL POSITION
Apr 30, 2018
BALANCE SHEET

ASSETS	2018
CURRENT ASSETS	
CHECKING/SAVINGS	
Checking - Chase	\$ 908,797.73
Security Deposits - Chase	3,816.67
Petty Cash	300.00
Chase Bank Savings 3961 .03%	668.62
Republic Bank 2851 MM	245,635.99
Storm Drainage Savings Account	58,127.42
US Bank Savings 6014 .10%	<u>251,942.23</u>
TOTAL CHECKING/SAVINGS	1,469,288.66
OTHER CURRENT ASSETS	
Taxes Receivable	972.51
Prepaid Expenses	1,059.82
Central Bnk 6477 11/30/18 1.28%	247,906.31
BB&T CD 7534 2/26/19 1.5%	<u>248,174.46</u>
TOTAL OTHER CURRENT ASSETS	496,113.10
TOTAL CURRENT ASSETS	1,965,401.76
OTHER ASSETS	
TOTAL OTHER ASSETS	<u>0.00</u>
TOTAL ASSETS	<u>\$ 1,965,401.76</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
CURRENT LIABILITIES	
Tenant Security Deposits	\$ 3,816.67
Deferred Revenue	13,581.66
Retirement Contribution	<u>91.59</u>
TOTAL CURRENT LIABILITIES	17,489.92
TOTAL LIABILITIES	
NET ASSETS	
Unrestricted Net Assets	1,635,388.92
Net Income	<u>312,522.92</u>
TOTAL NET ASSETS	<u>1,947,911.84</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,965,401.76</u>

City of Hurstbourne
BUDGET TO ACTUAL
10 Months Ended Apr 30, 2018

	Apr 30, 2018 Actual	Ten Months Ended Apr 30, 2018	Jun 30, 2018 Budget	\$ Over Budget
Revenue				
TAXES				
Real Property Taxes	(127.75)	1,256,037.45	1,288,308.00	(32,270.55)
Bank Franchise Tax	0.00	69,859.27	65,000.00	4,859.27
Insurance Premium Tax	138,935.83	545,289.29	720,000.00	(174,710.71)
Cable Franchise Fees	2,415.72	24,111.32	28,000.00	(3,888.68)
TOTAL TAXES	<u>141,223.80</u>	<u>1,895,297.33</u>	<u>2,101,308.00</u>	<u>(206,010.67)</u>
LICENSE AND PERMITS				
Sign Permits	25.00	6,219.23	7,000.00	(780.77)
Alcohol Beverage License	0.00	400.50	16,000.00	(15,599.50)
Business License	75.00	10,650.00	8,500.00	2,150.00
Home Occupation Income	25.00	450.00	600.00	(150.00)
Base Court Revenue (HB413)	1,019.29	3,563.03	0.00	3,563.03
TOTAL LICENSE AND PERMITS	<u>1,144.29</u>	<u>21,282.76</u>	<u>32,100.00</u>	<u>(10,817.24)</u>
INTERGOVERNMENTAL				
Mineral Tax Income	45.31	45.31	0.00	45.31
State Coal Income	0.00	197.01	200.00	(2.99)
TOTAL INTERGOVERNMENTAL	<u>45.31</u>	<u>242.32</u>	<u>200.00</u>	<u>42.32</u>
INTEREST INCOME				
Interest From General Fund	658.67	5,623.32	3,000.00	2,623.32
INTEREST FROM GENERAL FUND	<u>658.67</u>	<u>5,623.32</u>	<u>3,000.00</u>	<u>2,623.32</u>
200 WHITTINGTON PARKWAY				
Rental Income - Tenant Leases	3,195.00	46,295.00	50,000.00	(3,705.00)
Other Income	0.00	20.00	0.00	20.00
TOTAL 200 WHITTINGTON PARKWAY	<u>3,195.00</u>	<u>46,315.00</u>	<u>50,000.00</u>	<u>(3,685.00)</u>
OTHER TYPES OF INCOME				
Interest and Penalties	0.00	3,073.20	5,000.00	(1,926.80)
Miscellaneous Income	0.00	59,370.00	2,000.00	57,370.00
Pod Income	0.00	10.00	0.00	10.00
Property Tax Discount	0.00	(56,132.27)	(52,000.00)	(4,132.27)
TOTAL OTHER TYPES OF INCOME	<u>0.00</u>	<u>6,320.93</u>	<u>(45,000.00)</u>	<u>51,320.93</u>
Total Revenue	<u>146,287.07</u>	<u>1,975,081.66</u>	<u>2,141,608.00</u>	<u>(166,526.34)</u>

City of Hurstbourne
BUDGET TO ACTUAL
10 Months Ended Apr 30, 2018

	Apr 30, 2018 Actual	Ten Months Ended Apr 30, 2018	Jun 30, 2018 Budget	\$ Over Budget
GENERAL GOVERNMENT				
General				
City Attorney Retainer	2,944.40	18,074.70	22,000.00	(3,925.30)
Outside Counsel	0.00	4,500.00	2,000.00	2,500.00
Auditor	0.00	5,625.00	6,000.00	(375.00)
Financial Assistant	2,708.34	27,083.24	32,500.00	(5,416.76)
Recording Secretary	608.00	3,392.00	4,500.00	(1,108.00)
Advertising	0.00	841.50	5,000.00	(4,158.50)
Travel	0.00	0.00	1,000.00	(1,000.00)
Memberships & Training	40.59	2,929.22	3,500.00	(570.78)
Subscriptions	47.95	650.50	1,500.00	(849.50)
Refreshments	40.17	266.57	1,200.00	(933.43)
Safety Deposit Box	0.00	155.00	200.00	(45.00)
Telephones	191.60	2,624.14	4,200.00	(1,575.86)
Published City Directory	0.00	8,204.81	0.00	8,204.81
PVA Assessments	0.00	37,229.39	38,000.00	(770.61)
Automotive	0.00	1,065.05	2,000.00	(934.95)
General Gov. Misc	150.70	5,396.76	10,000.00	(4,603.24)
Total General	6,731.75	118,037.88	133,600.00	(15,562.12)
Office Supplies & Equipment				
Office Supplies	414.15	1,445.73	3,000.00	(1,554.27)
Office Equipment	0.00	0.00	2,000.00	(2,000.00)
Postage	1,106.20	4,458.99	6,000.00	(1,543.01)
Computer Equipment	0.00	310.94	2,000.00	(1,689.06)
Computer Software	0.00	185.22	2,000.00	(1,814.78)
Equipment Maintenance	0.00	380.37	2,500.00	(2,119.63)
Printing - Newsletter	0.00	7,784.24	6,000.00	1,784.24
Printing - Other	0.00	1,970.21	1,500.00	470.21
Web Page	0.00	647.19	1,200.00	(552.81)
Total Office Supplies & Equipment	1,520.35	17,180.89	26,200.00	(9,019.11)
Personnel				
Salaries	14,413.96	144,482.86	173,133.00	(28,650.14)
Payroll Taxes-Fica	1,102.68	11,052.98	13,000.00	(1,947.02)
Payroll Taxes-Unemployment	3.34	216.52	1,000.00	(783.48)
Payroll Service	114.60	1,281.25	2,000.00	(718.75)
Retirement Contribution Expense	2,107.83	20,989.15	25,100.00	(4,110.85)
Health Insurance	3,410.99	36,474.73	39,800.00	(3,325.27)
Dental & Life Insurance	458.96	5,048.58	7,000.00	(1,951.44)
Insurance - General	0.00	10,460.78	12,000.00	(1,539.22)
Insurance - Property	0.00	0.00	2,500.00	(2,500.00)
Insurance - Bonding	0.00	4,248.11	5,500.00	(1,251.89)
Worker's Compensation Insurance	0.00	733.18	1,000.00	(266.82)
Total Personnel	21,612.36	234,988.12	282,033.00	(47,044.88)
200 Whittington - City Hall				
Building Maintenance	140.00	2,577.05	1,500.00	1,077.05
Building Materials/Supplies	250.40	295.18	1,000.00	(704.82)
Building Improvements	0.00	32,900.00	60,000.00	(27,100.00)
Cleaning Service	486.27	5,187.67	6,000.00	(812.33)
Dumpster - Sanitation	0.00	0.00	1,000.00	(1,000.00)
Equipment Maintenance	0.00	122.05	1,500.00	(1,377.95)
Furniture & Fixtures	0.00	0.00	1,000.00	(1,000.00)
Gas & Electric	1,002.07	8,596.34	15,000.00	(6,403.66)
Insurance - Property	0.00	7,094.49	5,000.00	2,094.49
Leasing Expense	0.00	200.00	5,000.00	(4,800.00)
Legal & Management Expense	0.00	0.00	2,000.00	(2,000.00)
Tenant Finish	0.00	350.00	10,000.00	(9,650.00)
Water & Sewer	829.71	4,505.51	3,600.00	905.51
City Hall Miscellaneous Expense	0.00	0.00	5,000.00	(5,000.00)
Total 200 Whittington - City Hall	2,708.45	61,828.29	117,600.00	(55,771.71)
TOTAL GENERAL GOVERNMENT	32,572.91	432,035.18	559,433.00	(127,397.82)

City of Hurstbourne
BUDGET TO ACTUAL
10 Months Ended Apr 30, 2018

	Apr 30, 2018 Actual	Ten Months Ended Apr 30, 2018	Jun 30, 2018 Budget	\$ Over Budget
PUBLIC SAFETY				
Vehicle/Pedestrian Safety				
Police Patrols	9,905.00	60,550.00	72,000.00	(11,450.00)
Street Lighting Electricity	10,972.88	100,257.59	128,000.00	(27,742.41)
Electrical Repairs-Improvements	0.00	0.00	3,000.00	(3,000.00)
Street Signs	0.00	2,889.90	3,000.00	(130.10)
Supplies and Promotions	0.00	0.00	1,000.00	(1,000.00)
Total Vehicle/Pedestrian Safety	<u>20,877.88</u>	<u>163,677.49</u>	<u>207,000.00</u>	<u>(43,322.51)</u>
General				
Public Safety Miscellaneous	0.00	13,224.78	5,000.00	8,224.78
Total General	<u>0.00</u>	<u>13,224.78</u>	<u>5,000.00</u>	<u>8,224.78</u>
TOTAL PUBLIC SAFETY	<u>20,877.88</u>	<u>176,902.27</u>	<u>212,000.00</u>	<u>(35,097.73)</u>

City of Hurstbourne
BUDGET TO ACTUAL
10 Months Ended Apr 30, 2018

	Apr 30, 2018 Actual	Ten Months Ended Apr 30, 2018	Jun 30, 2018 Budget	\$ Over Budget
PUBLIC WORKS				
General				
Holiday Decorations	0.00	16,213.00	16,000.00	213.00
Public Works Miscellaneous	<u>0.00</u>	<u>0.00</u>	<u>10,000.00</u>	<u>(10,000.00)</u>
Total General	0.00	16,213.00	26,000.00	(9,787.00)
Landscaping				
Horticulturist	1,661.50	8,519.50	12,000.00	(3,480.50)
Contract Gardener	9,508.00	98,323.50	135,000.00	(36,676.50)
Other	<u>0.00</u>	<u>0.00</u>	<u>5,000.00</u>	<u>(5,000.00)</u>
Total Landscaping	11,169.50	106,843.00	152,000.00	(45,157.00)
Maintenance				
Grass Cutting	0.00	66,831.00	110,000.00	(43,169.00)
Chemical Applications	7,167.00	25,252.00	30,000.00	(4,748.00)
Annual Service Contract	0.00	6,417.70	30,000.00	(23,582.30)
System Replacement	18.00	56,470.25	60,000.00	(3,529.75)
Water	0.00	47,312.85	90,000.00	(42,687.15)
Electrician/Landscape Lighting	0.00	3,453.00	10,000.00	(6,547.00)
Other Maintenance	<u>0.00</u>	<u>300.35</u>	<u>5,000.00</u>	<u>(4,699.65)</u>
Total Maintenance	7,185.00	206,037.15	335,000.00	(128,962.85)
City Properties				
Bridle Path - Wimborne	0.00	0.00	2,000.00	(2,000.00)
Entrance Improvements & Upgrade	0.00	125.00	50,000.00	(49,875.00)
City Park	0.00	0.00	2,000.00	(2,000.00)
Median Improvements	0.00	8,843.89	10,000.00	(1,156.11)
Sidewalk Repair	0.00	77,318.16	85,000.00	(7,681.84)
Storm Water	<u>0.00</u>	<u>0.00</u>	<u>100,000.00</u>	<u>(100,000.00)</u>
Total City Properties	0.00	86,287.05	249,000.00	(162,712.95)
Spring/Fall Planting				
Flowers	0.00	0.00	25,000.00	(25,000.00)
Plant Replacements	7,262.00	8,894.00	20,000.00	(11,106.00)
Mulch	29,494.80	29,494.80	30,000.00	(505.20)
Tree Replacement	295.00	18,903.04	30,000.00	(11,096.96)
Tree Removal	<u>3,946.00</u>	<u>13,546.00</u>	<u>25,000.00</u>	<u>(11,454.00)</u>
Total Spring/Fall Planting	40,997.80	70,837.84	130,000.00	(59,162.16)
Roads				
City Engineer	0.00	12,591.40	45,000.00	(32,408.60)
Scheduled Maint.-Resurfacing	0.00	159,724.19	75,000.00	84,724.19
Unscheduled Maintenance	0.00	3,260.00	10,000.00	(6,740.00)
Street Cleaning	0.00	0.00	2,000.00	(2,000.00)
Snow Removal	<u>3,095.00</u>	<u>54,082.32</u>	<u>45,000.00</u>	<u>9,082.32</u>
Total Roads	3,095.00	229,657.91	177,000.00	52,657.91
TOTAL PUBLIC WORKS	62,447.30	715,875.95	1,069,000.00	(353,124.05)

City of Hurstbourne
BUDGET TO ACTUAL
10 Months Ended Apr 30, 2018

	Apr 30, 2018 Actual	Ten Months Ended Apr 30, 2018	Jun 30, 2018 Budget	\$ Over Budget
SANITATION-CODE ENFORCEMENT				
Sanitation Collection				
Residential Collection	36,700.91	330,308.19	440,000.00	(109,691.81)
Total Sanitation Collection	36,700.91	330,308.19	440,000.00	(109,691.81)
Code Enforcement				
Code Enforcement Misc.	0.00	150.00	6,000.00	(5,850.00)
Total Code Enforcement	0.00	150.00	6,000.00	(5,850.00)
General				
Publications	0.00	0.00	1,000.00	(1,000.00)
Sanitation Miscellaneous	0.00	0.00	2,000.00	(2,000.00)
Total General	0.00	0.00	3,000.00	(3,000.00)
TOTAL SANITATION-CODE ENFORCEMENT	36,700.91	330,458.19	449,000.00	(118,541.81)

City of Hurstbourne
BUDGET TO ACTUAL
10 Months Ended Apr 30, 2018

	Apr 30, 2018 Actual	Ten Months Ended Apr 30, 2018	Jun 30, 2018 Budget	\$ Over Budget
COMMUNITY PROJECTS & EVENTS				
Commission Special Projects	0.00	1,047.40	100,000.00	(98,952.60)
Community Outreach & Events	0.00	5,517.20	10,000.00	(4,482.80)
	<u>0.00</u>	<u>5,517.20</u>	<u>10,000.00</u>	<u>(4,482.80)</u>
TOTAL COMMUNITY PROJECTS & EVENTS	0.00	6,564.60	110,000.00	(103,435.40)

City of Hurstbourne
BUDGET TO ACTUAL
10 Months Ended Apr 30, 2018

	Apr 30, 2018 Actual	Ten Months Ended Apr 30, 2018	Jun 30, 2018 Budget	\$ Over Budget
TOTAL OPERATING EXPENSES	152,599.00	1,661,836.19	2,399,433.00	(737,596.81)
OPERATING INCOME (LOSS)	(6,331.93)	313,245.47	(257,825.00)	571,070.47
Other Income				
Transfer In Of Prior Year Funds	\$ 0.00	\$ 0.00	\$ 257,825.00	\$ (257,825.00)
Property Tax Refund	0.00	(722.55)	0.00	(722.55)
Total Other Income	0.00	(722.55)	257,825.00	(258,547.55)
Other Expenses				
Total Other Expenses	0.00	0.00	0.00	0.00
Net Income (Loss)	(6,331.93)	312,522.92	-	

CITY OF HURSTBOURNE
JEFFERSON COUNTY, KENTUCKY

ORDINANCE NO. 1, SERIES 1983 (FYE 1983)

AN ORDINANCE ADOPTING THE ORGANIZATIONAL STRUCTURE OF THE CITY, SETTING FORTH THE CITY DEPARTMENTS, THE DUTIES OF CITY OFFICERS AND PROVIDING THE PROCEDURE FOR THE CONDUCTING OF CITY BUSINESS.'

WHEREAS, the organizational structure of the City is described in the attached codified ordinance described as "Chapter One, Administration of the City,"

BE IT ORDAINED BY THE CITY OF HURSTBOURNE, KENTUCKY:

Section 1. The attached codified ordinance described as "Chapter One, Administration of the City" is hereby adopted as the basic organizational structure by which the City will be governed.

PASSED AND APPROVED IN SECOND READING THIS 12th DAY OF September, 1982.

APPROVED:



DAVID L. BECKMAN, SR., MAYOR

ATTEST:


CITY CLERK

Request for Taxpayer Identification Number and Certification

**Give Form to the
 requester. Do not
 send to the IRS.**

Print or type See Specific Instructions on page 2.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank. CITY OF HURSTBOURNE	
	2 Business name/disregarded entity name, if different from above	
	3 Check appropriate box for federal tax classification; check only one of the following seven boxes: <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ Note. For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner. <input checked="" type="checkbox"/> Other (see instructions) ▶ _____	
	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <small>(Applies to accounts maintained outside the U.S.)</small>	
	5 Address (number, street, and apt. or suite no.) 200 WHITTINGTON PARKWAY, STE 100	Requester's name and address (optional)
	6 City, state, and ZIP code LOUISVILLE, KY 40222	
	7 List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for guidelines on whose number to enter.

Social security number	Employer identification number																														
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-			-																												

OR

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here	Signature of U.S. person	Date ▶ 5.15.2018
------------------	---------------------------------	-------------------------

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at www.irs.gov/fw9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)

- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1089-C (canceled debt)
- Form 1089-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See *What is backup withholding?* on page 2.

By signing the filled-out form, you:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
- Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting?* on page 2 for further information.

Fiscal Year 2019 - ADA Streets Summary
City of Hurstbourne
Engineer's Estimated Costs

Addl Handicap Ramp/Major Sidewalk & Curb Repair work:

Linn Station Road (at Hurstbourne Parkway).....	\$ 20,000
Hogarth Drive.....	\$ 13,000
Curb Repairs/Grate Replacements on Colonel Anderson Pkwy..	\$ 15,000
Additional Sidewalk Shaving on Leighton Circle/Hadleigh Place Leesgate Road & Whittington Parkway.....	\$ 12,000

Total \$ 60,000



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STEPHENS & LAWSON

Certified Public Accountants

Independent Auditor's Report

To the Mayor and Members of the City Commission
City of Hurstbourne, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Hurstbourne, Kentucky, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Hurstbourne, Kentucky, as of June 30, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Hurstbourne, Kentucky's (the City) financial performance provides an overview of the City's financial activities for the year ended June 30, 2017. Please read it in conjunction with the City's financial statements, which begin on page 9.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (on pages 9 and 10) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

FINANCIAL HIGHLIGHTS

Total revenues of the City increased \$94,984 from the fiscal year ending June 30, 2016 to the fiscal year ending June 30, 2017. The most significant factors were:

- Increase in Property Tax Revenues of \$37,259
- Increase in Insurance Premium Tax of \$29,178

Significant revenues for the fiscal year were:

- Property Tax Revenues of \$1,156,146
- Insurance Premium Tax of \$734,910
- Bank Franchise Tax of \$65,639
- Operating Grants and Contributions of \$89,290

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page 9. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of this year's activities?" The statement of net position and the statement of activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position – the difference between assets and liabilities – as one way to measure the City's health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

REPORTING THE CITY AS A WHOLE - Continued

The Statement of Net Position and the Statement of Activities - Continued

Most of the City's basic services are reported here, including general administration, public works, and street maintenance. Property taxes, franchise fees, and insurance taxes finance most of these activities.

To aid in the understanding of the statement of activities some additional explanation is provided. Of particular interest is the format that is significantly different than a typical statement of revenues, expenses, and changes in fund balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense)/revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions to the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

THE CITY AS A WHOLE

The following condensed financial information has been derived from the government-wide financial statements.

The total assets of the City increased by \$196,266 in fiscal year 2017 as compared to fiscal year 2016 and the total liabilities of the City increased by \$14,156 over the same period of time. This increase in liabilities is primarily attributable to the City's share of the unfunded pension liability of CERS.

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets	\$ 1,718,175	\$ 1,545,981
Non-Depreciable Fixed Assets	481,207	505,957
Depreciable Fixed Assets, Net of	<u>1,595,303</u>	<u>1,546,481</u>
Total Assets	\$ 3,794,685	\$ 3,598,419
Deferred Outflows of Resources		
Deferred Amounts Related to Pensions	\$ 58,799	\$ 45,723
Liabilities		
Current Liabilities	\$ 47,370	\$ 54,719
Long-Term Liabilities	<u>256,568</u>	<u>235,063</u>
Total Liabilities	\$ 303,938	\$ 289,782
Deferred Inflows of Resources		
Deferred Amounts Related to Pensions	\$ 6,866	\$ -
Net Position		
Invested in Fixed Assets	\$ 2,076,510	\$ 2,052,438
Restricted	14,880	9,993
Unrestricted	<u>1,451,290</u>	<u>1,291,929</u>
Total Net Position	\$ 3,542,680	\$ 3,354,360

Governmental Revenues

The City's primary sources of revenues in this fiscal year continued to be property taxes and insurance taxes. These two sources comprise 86.02% and 86.75% of the total revenue collected in the fiscal years ending 2017 and 2016 respectively. Total revenues for the year ended June 30, 2017 were \$2,198,240 which is an increase of \$94,984 over the previous fiscal year. This increase is due mainly to an increase in property and insurance taxes. Revenues are reported as follows:

	2017		2016	
	Amount	Percentage	Amount	Percentage
Program Revenues				
Charges for Services	\$ 117,820	5.36%	\$ 77,329	3.68%
Operating Grants and Contributions	89,290	4.06%	88,942	4.23%
Capital Grants and Contributions	-	0.00%	10,000	0.48%
Total Program Revenues	207,110	9.42%	176,271	8.39%
General Revenues				
Property Taxes	1,156,146	52.59%	1,118,887	53.20%
Insurance Tax	734,910	33.43%	705,732	33.55%
Bank Franchise Tax	65,639	2.99%	63,784	3.03%
Cable Franchise Tax	28,923	1.32%	28,925	1.38%
Intergovernmental	189	0.01%	233	0.01%
Miscellaneous	1,791	0.08%	60	0.00%
Interest Income	3,037	0.14%	2,714	0.13%
Penalties & Interest	2,410	0.11%	5,510	0.26%
Insurance Reimbursements	-	0.00%	1,140	0.05%
Gain (Loss) on Fixed Asset Disposition	(1,915)	-0.09%	-	0.00%
Total General Revenues	1,991,130	90.58%	1,926,985	91.61%
Total Revenues	\$ 2,198,240	100.00%	\$ 2,103,256	100.00%

Governmental Expenditures

Expenditures for the year ended June 30, 2017 were \$2,009,920 which represents a decrease of \$36,333 over the previous fiscal year. Expenditures decreased mainly due to decreased spending on public works. Expenditures are reported as follows:

	2017		2016	
	Amount	Percentage	Amount	Percentage
Program Expenses:				
General Government	\$ 505,266	25.14%	\$ 512,053	25.02%
Public Safety	184,594	9.18%	171,654	8.39%
Public Works	724,685	36.06%	757,068	37.00%
Sanitation	440,960	21.94%	442,398	21.62%
Community Development	6,220	0.31%	18,895	0.92%
Road Maintenance	148,195	7.37%	144,185	7.05%
Total Expenses	\$ 2,009,920	100.00%	\$ 2,046,253	100.00%

Excess of Revenues over Expenditures

	<u>2017</u>	<u>2016</u>
Total Revenues	\$ 2,198,240	\$ 2,103,256
Total Expenses	2,009,920	2,046,253
Excess of Revenues Over Expenses	<u>\$ 188,320</u>	<u>\$ 57,003</u>

Change in Net Position

	<u>2017</u>	<u>2016</u>
Beginning Net Position	\$ 3,354,360	\$ 3,303,631
Prior Period Adjustment		(6,274)
Increase in Net Position	188,320	57,003
Ending Net Position	<u>\$ 3,542,680</u>	<u>\$ 3,354,360</u>

FIXED ASSETS

For the year ended June 30, 2017, the City had \$3,009,180 invested in fixed assets including land, buildings, equipment and infrastructure. A schedule of the changes in fixed assets during this fiscal year is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities				
Non-depreciable Assets:				
Land	\$ 481,207	\$ -	\$ -	\$ 481,207
Construction In Progress	24,750	24,750	49,500	-
Total non-depreciable assets	<u>505,957</u>	<u>24,750</u>	<u>49,500</u>	<u>481,207</u>
Depreciable Assets:				
Building and Improvements	696,135	-	-	696,135
Equipment	12,299	-	-	12,299
Infrastructure	1,635,416	228,667	44,544	1,819,539
Total depreciable assets	<u>2,343,850</u>	<u>228,667</u>	<u>44,544</u>	<u>2,527,973</u>
Total fixed assets	2,849,807	253,417	94,044	3,009,180
Accumulated Depreciation:				
Building and Improvements	28,858	25,900	-	54,758
Equipment	12,299	-	-	12,299
Infrastructure	756,212	152,030	42,629	865,613
Total accumulated depreciation	<u>797,369</u>	<u>177,930</u>	<u>42,629</u>	<u>932,670</u>
Governmental activities fixed assets, net	<u>\$ 2,052,438</u>	<u>\$ 75,487</u>	<u>\$ 51,415</u>	<u>\$ 2,076,510</u>

This year's major fixed asset additions were:

Phase II Irrigation System	\$ 61,340
Brick Entrance Markers	49,500
Paving	117,827
	<u>\$ 228,667</u>

DEBT

For the year ended June 30, 2017, the City had \$256,568 in outstanding long-term obligations. A schedule of the changes in debt during this fiscal year is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Pension Obligation	<u>\$ 235,063</u>	<u>\$ 21,505</u>	<u>\$ -</u>	<u>\$ 256,568</u>	<u>\$ -</u>

PENSIONS

Current accounting standards require governmental entities to recognize certain financial statements amounts related to pensions. In addition to these financial statement items, there are also note disclosure requirements (Note I) and tables to be included as required supplementary information. The measurement date for the net pension liability is June 30, 2016.

During this fiscal year, the obligations of the City as they relate to pensions as reported to the City by the Kentucky Retirements Systems are as follows:

	As Reported in the Audt for the Fiscal Year Ending June 30th:	
	<u>2017</u>	<u>2016</u>
Pension Obligations	<u>\$ 256,568</u>	<u>\$ 235,063</u>
Deferred Outflows Related to Pensions	58,799	45,723
Deferred Inflows Related to Pensions	6,866	-

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Our analysis of the City's major funds begins on page 11. The fund financial statements provide detailed information about the governmental fund – not the City as a whole. Most of the City's basic services are reported in the governmental fund, which focuses on how money flows into and out of the fund and the balance left over at year-end this is available for spending in the next period. This fund is reported using the accounting method called the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The government fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and statement of activities) and governmental fund in a reconciliation at the bottom of the fund financial statements.

GENERAL FUND BUDGETARY FUND HIGHLIGHTS

For the year ended June 30, 2017, general fund revenues of \$2,112,477 were \$56,177 more than the \$2,056,300 budgeted. Revenue sources with a budget shortfall included property taxes, rental income, and penalties and interest. For the year ended June 30, 2017, general fund expenditures of \$1,940,611 were \$370,689 less than the \$2,311,300 budgeted. The City did not exceed budget in any department during this fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Property tax revenues are expected to increase again due to city-wide reassessments of the values of commercial properties and continued commercial developments. The economic outlook is expected to improve for the upcoming fiscal year.

Revenues increased by \$94,984 over the previous fiscal year while expenses decreased by \$36,333 over the same period. The "bottom line" of the City of Hurstbourne, Kentucky continues to be strong with excess reserve funds and no debt.

The 2017-2018 budget calls for continued reinvestment in the City of Hurstbourne, Kentucky's infrastructure and other fixed assets including road resurfacing, sidewalk improvements, tree canopy replacements, upgrades to the irrigation systems, and storm water drainage improvements. These projects represent the bulk of non-maintenance expenses for the upcoming fiscal year. Additionally, the mandated employer contribution rate to the Kentucky CERS pension fund is expected to increase substantially. All of the above listed expenses are to be paid from general revenues and grant proceeds and are appropriated in the upcoming budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

City of Hurstbourne City Clerk / City Administrative Officer
200 Whittington Parkway
Suite 100
Louisville, Kentucky 40222
(502) 426-4808
(502) 426-4889
info@hurstbourne.org
www.hurstbourne.org

CITY OF HURSTBOURNE, KENTUCKY
STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government Governmental Activities
<u>ASSETS</u>	
Current Assets:	
Cash and Cash Equivalents (\$6,991 restricted)	\$ 794,705
Investments	736,420
Accounts Receivable (\$7,889 restricted)	179,618
Prepaid Expenses	7,432
Total Current Assets	1,718,175
Non-current Assets:	
Non-Depreciable Fixed Assets	481,207
Depreciable Fixed Assets, net	1,595,303
Total Non-current Assets	2,076,510
Total Assets	3,794,685
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Amounts Related to Pensions	58,799
Total Assets and Deferred Outflows of Resources	\$ 3,853,484
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 13,183
Rents Collected in Advance	9,845
Tenant Deposits	3,817
Construction Deposits	20,525
Total Current Liabilities	47,370
Long-Term Liabilities:	
Pension Obligation	256,568
Total Liabilities	303,938
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Amounts Related to Pensions	6,866
<u>NET POSITION</u>	
Net Investment in Capital Assets	2,076,510
Restricted for Roads	14,880
Unrestricted	1,451,290
Total Net Position	3,542,680
Total Liabilities, Deferred Inflows or Resources, and Net Position	\$ 3,853,484

See the accompanying notes to the financial statements.

CITY OF HURSTBOURNE, KENTUCKY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Net (Expense) Revenue
Primary Government:					
Governmental Activities:					
General Government	\$ 505,266	\$ 85,969	\$ -	\$ -	\$ (419,297)
Public Safety	184,594	-	4,402	-	(180,192)
Public Works	724,685	31,851	-	-	(692,834)
Sanitation	440,960	-	-	-	(440,960)
Community Development	6,220	-	-	-	(6,220)
Road Maintenance	148,195	-	84,888	-	(63,307)
Total Governmental Activities	<u>2,009,920</u>	<u>117,820</u>	<u>89,290</u>	<u>-</u>	<u>(1,802,810)</u>
Total Primary Government	<u>\$ 2,009,920</u>	<u>\$ 117,820</u>	<u>\$ 89,290</u>	<u>\$ -</u>	<u>\$ (1,802,810)</u>

Primary Government
Governmental Activities

Changes in Net Assets:
Net Expense \$ (1,802,810)

General Revenues:

Taxes:

Property Taxes	\$ 1,156,146
Insurance Tax	734,910
Bank Franchise Tax	65,639
Cable Franchise Tax	28,923
Intergovernmental	189
Penalties & Interest	2,410
Interest Income	3,037
Gain (Loss) on Fixed Asset Disposition	(1,915)
Other Income	1,791
Total General Revenues	<u>1,991,130</u>
Change in Net Position	<u>188,320</u>

Net Position - July 1, 2016

3,354,360

Net Position - June 30, 2017

\$ 3,542,680

See the accompanying notes to the financial statements.

CITY OF HURSTBOURNE, KENTUCKY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

GOVERNMENTAL FUND TYPES

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Government Funds</u>
ASSETS			
Cash	\$ 787,714	\$ 6,991	\$ 794,705
Investments	736,420	-	736,420
Receivables	171,729	7,889	179,618
Prepaid Expenses	7,432	-	7,432
Total Assets	<u>1,703,295</u>	<u>14,880</u>	<u>1,718,175</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts Payable	13,183	-	13,183
Rents Collected in Advance	9,845	-	9,845
Tenant Deposits	3,817	-	3,817
Construction Deposits	20,525	-	20,525
Total Liabilities	<u>47,370</u>	<u>-</u>	<u>47,370</u>
Deferred Inflows of Resources:			
Unavailable Revenue	10,830	-	10,830
Total Deferred Inflows of Resources	<u>10,830</u>	<u>-</u>	<u>10,830</u>
Fund Balances:			
Nonspendable Fund Balances	7,432	-	7,432
Restricted Fund Balances	-	14,880	14,880
Assigned Fund Balances	257,825	-	257,825
Unassigned Fund Balances	1,379,838	-	1,379,838
Total Fund Balance	<u>1,645,095</u>	<u>14,880</u>	<u>1,659,975</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,703,295</u>	<u>\$ 14,880</u>	<u>\$ 1,718,175</u>

See the accompanying notes to the financial statements.

CITY OF HURSTBOURNE, KENTUCKY
RECONCILIATION OF TOTAL FUND BALANCE - GOVERNMENTAL FUNDS TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2017

Reconciliation of total fund balance - governmental funds to total net position of governmental activities:

Total Fund Balance - Governmental Funds	\$ 1,659,975
Amounts reported for governmental activities in the statement of net position are different because of the following:	
Certain property tax revenues are earned but not available and therefore are shown as unavailable revenue in the fund financial statements.	10,830
Fixed assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$932,670.	2,076,510
Deferred outflows/inflows of resources related to pensions are not reported in the fund financial statements.	51,933
Long-term obligations are not due and payable in the current period and therefore are not reported in the fund financial statements.	<u>(256,568)</u>
Net Position of Governmental Activities	<u><u>\$ 3,542,680</u></u>

See the accompanying notes to the financial statements.

CITY OF HURSTBOURNE, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	GOVERNMENTAL FUND TYPES		
	General Fund	Special Revenue Fund	Totals Governmental Funds
REVENUE			
Property Taxes	\$ 1,154,031	\$ -	\$ 1,154,031
Bank Franchise Tax	65,639	-	65,639
Cable Franchise Tax	28,923	-	28,923
Insurance Tax	734,910	-	734,910
Intergovernmental	4,591	84,887	89,478
License and Permits	38,581	-	38,581
Charges for Services	47,348	-	47,348
Interest Income	3,037	-	3,037
Penalties and Interest	2,410	-	2,410
Other Income	33,007	-	33,007
Total Revenue	2,112,477	84,887	2,197,364
EXPENDITURES			
General Government	464,070	-	464,070
Public Safety	184,594	-	184,594
Public Works	720,850	-	720,850
Sanitation	440,960	-	440,960
Community Development	6,220	-	6,220
Capital Outlay	123,917	80,000	203,917
Total Expenditures	1,940,611	80,000	2,020,611
Net Change in Fund Balances	171,866	4,887	176,753
Fund Balances - July 1, 2016	1,473,229	9,993	1,483,222
Fund Balances - June 30, 2017	\$ 1,645,095	\$ 14,880	\$ 1,659,975

See the accompanying notes to the financial statements.

**CITY OF HURSTBOURNE, KENTUCKY
RECONCILIATION OF THE NET CHANGES IN FUND BALANCE - TOTAL
GOVERNMENTAL FUNDS TO THE CHANGE IN NET POSITION OF
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Reconciliation of the net changes in fund balances - total governmental funds to the change in net position of governmental activities:

Net Change in Fund Balances - Total Governmental Funds	\$	176,753
Amounts reported for governmental activities in the statement of activities are different because of the following:		
<p>Some property taxes and code enforcement liens will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are shown as a deferred inflow in the fund financial statements. Unavailable revenues increased by this amount this year</p>		
		2,790
<p>Pension expense in the fund financial statements are based on amounts paid into the retirement plan during the current fiscal year. Pension expense in the government-wide financial statements are based based on the measurement date of the net pension liability which was June 30, 2016. Net increase in pension expense as reported in the government-wide financial statements</p>		
		(15,295)
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:</p>		
Capital Outlays	\$ 203,917	
Depreciation expense	<u>(177,930)</u>	25,987
<p>Since governmental activities report expenditures for capital assets in the statement of net position, when the underlying asset is sold, its book value has to be removed and is netted against any sales proceeds shown in the statement of activities.</p>		
Reduction in proceeds for book value of assets sold		<u>(1,915)</u>
Change in Net Position of Governmental Activities	\$	<u><u>188,320</u></u>

See the accompanying notes to the financial statements.

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Hurstbourne, Kentucky (the City) is a home rule city with a population in excess of 4,000 located in Jefferson County, Kentucky. It operates under an elected mayor-commission 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, municipal road aid, and insurance taxes. Those revenues susceptible to accrual are property taxes, franchise taxes, and municipal road aid.

All significant activities and organizations on which the City of Hurstbourne, Kentucky exercises oversight responsibility have been included in the City's financial statements, for the year ended June 30, 2017. The following criteria regarding 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 Commission is exclusively responsible for all public decisions and accountable for the decisions it makes.

Ability to significantly influence operations - The City Commission has the statutory authority under the provisions of the Revised Statutes to significantly influence operations. This 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 Commission.

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

Basic Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the City are classified as governmental activities; the City has no business-type activities.

Government-wide Financial Statements:

These financial statements display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds.

In the statement of net position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The statement of activities reports both the gross and net cost of each of the City's functions (general government, public safety, public works, etc.). The functions are also supported by general government revenues (property taxes, insurance, taxes, bank deposit taxes and certain intergovernmental revenues, etc.). The statement

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Basic Financial Statements – Continued

Government-wide Financial Statements – Continued

of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general government, public safety, public works, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs, by function, are normally covered by general revenue (property taxes, insurance taxes, bank deposit taxes and certain intergovernmental revenues, interest income, etc.).

The City does not allocate indirect costs and all interfund activity is eliminated in the government-wide financial statements.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

Fund Financial Statements:

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds, except that the primary operating fund of the City, the general fund, is always considered major. Those criteria for evaluation of all other funds are as follows:

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

The funds of the financial reporting entity are described below:

Governmental Type Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The City reports these major governmental funds and fund types:

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Basic Financial Statements – Continued

Fund Financial Statements – Continued

General Fund - The General Fund is the primary operating fund of the City and is 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 City accounts for state road funds in the special revenue fund and considered it to be a major fund.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

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

On 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 the 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.

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.

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Basis of Accounting - Continued

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.

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. All investments of the City comply with the Kentucky Revised Statutes concerning the types of investments allowed.

Inventories

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

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities primarily include property taxes, insurance taxes, and municipal road aid.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions, collectible but not available are deferred in the fund financial statements in accordance with modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis.

The City considers all receivables to be fully collectible; therefore, an allowance for doubtful accounts is not necessary.

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 only capitalize future individual assets with a value of \$5,000 or greater. Fixed assets are not reported on the fund financial statements.

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Basis of Accounting - Continued

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CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Fixed Assets - Continued

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, 2004 the City is required to keep a record of all infrastructure assets placed in service from that date forward.

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 life using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

Vehicles	5 to 10 years
Equipment	5 to 7 years
Infrastructure	10 to 25 years

Due to and Due From Other Funds

Interfund receivables and payables are recorded by all funds in the period in which transactions are executed on the fund financial statements. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Deferred Outflow/Inflow of Resources

Deferred Outflows:

The City reports decreases in net position/fund balances that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position / fund financials balance sheet – governmental funds. Deferred outflows of resources reported in the government-wide financial statements consisted of contributions made to Kentucky Retirement Systems between the measurement date of the net pension liabilities from those plans and the end of the City's fiscal year as well as other amounts related to pensions. No deferred outflows of resources affected the fund financial statements in the current fiscal year.

Deferred Inflows:

The City reports increases in net position/fund balances that related to future periods as deferred inflows of resources in a separate section of its government-wide statement of net position / fund financials balance sheet – governmental funds. Deferred inflows of resources reported in the government-wide financial statements consisted solely of amounts related to pensions. In the fund financial statements there is one item which occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly deferred property taxes are reported in the fund financials balance sheet – governmental funds as unavailable revenue.

Accounts Payable

Accounts payable consist of trade payable to vendors who provide goods and services to the City.

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Long-term Debt

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide financial statements. Long-term debt consists solely of the City's share of the unfunded pension liability through its participation in CERS.

Long-term debt of governmental funds are not reported as liabilities in the fund financial statements. Debt proceeds are reported as other financing sources and payments on debt are reported as debt service expenditures.

Equity Classifications

Government-wide Financial Statements

The City reports the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources as net position. Net position is divided into three categories defined as follows:

- a. Net Investment in Capital Assets – Consists of the historical cost of capital assets including restricted capital assets, less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- b. Restricted net position – Consist of assets that are restricted by the City's creditors (for example through debt covenants), by state enabling legislation (through restrictions on shared revenues) by grantors (both federal and state), by other contributors, or by enabling legislation.
- c. Unrestricted net position – Balance of net position not meeting the requirements of the other two categories.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- a. Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- c. Committed – Amounts that can be used only for specific purposes determined by a formal action by the City Commission. The City Commission is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through ordinances approved by the City Commission.
- d. Assigned – Amounts the City intends to use for a specific purpose. Intent can be expressed by the City Commission or by an official or body to which the City Commission delegates authority.
- e. Unassigned – All amounts not included in other spendable classification.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City Commission considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Commission has provided for otherwise.

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Property Tax Revenue

Property Tax Revenue is recognized when the bills become due and payable. Tax is assessed at a rate of .174 per \$100 valuations for real property based on the assessment by the Property Valuation Office.

The City assesses property taxes on January 1, and bills are due and payable by December 31st in the year assessed. Bills paid prior to November 30th are given a 5% discount. Bills paid from December 1st to December 31st are payable at the full face amount of the bill. All bills paid on or after January 1st of the following year are charged a 10% penalty and 1½% interest per month until collected. On bills collected after February 1st of the following year, an additional 15% penalty will be assessed on the face amount of the bill. Where a tax lien has been filed, the taxpayer shall be responsible for filing and release fees. Should the City have to initiate a lawsuit, or is named a party to a foreclosure action, to collect such delinquent taxes, then an additional 25% penalty shall be encompassed within the City's lien.

Bank Franchise and Local Deposit Tax

The City assess a bank franchise and local deposits tax on all financial institutions within the corporate limits of the City starting in the 2011 tax year. All deposits maintained by such institutions are assessed at the rate of 0.000250. Bills are issued prior to December 1st of each year. Any payment received prior to December 31st will be allowed a 2% discount; bills paid before January 31st of the following year will not receive any discount nor be assessed any penalties. Bills paid after January 31st shall be deemed delinquent and shall be subject to a penalty of 10% and shall bear interest at the rate of 12% per annum.

Business License

The City requires a license to be paid by anyone conducting business within the City. The fee for the license is \$75 and the license is good for a period not to exceed one year. Annual renewals may be granted to a licensee in good standing with payment of the \$75 license fee.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function. In the fund financial statements, governmental fund expenditures are classified by character: current, debt service, and capital outlay. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Compensated Absences

The City has not made an accrual for compensated absences because the amount is not significant.

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.

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE B - DEPOSITS AND INVESTMENTS

Under Kentucky Revised Statutes, 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. The deposits in excess of insurance coverage must be fully collateralized. The City typically invests surplus cash at local banks in the form of certificates of deposit, savings accounts, and money market accounts. This plan subjects the City to the following types of risk:

Custodial Credit Risk – this is the risk that in the event of the failure of a counterparty (e.g., a bank) the City will not be able to recover the full value of its deposits or investments. The City considers this risk immaterial and as of June 30, 2017, \$1,546 of the government’s bank balance of \$1,629,159, including certificates of deposits shown as investments in the financial statements, was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,546
Uninsured and collateral held by pledging bank	352,999
Uninsured and collateral held by pledging bank's trust department not in City's name	
	\$ 354,545

Concentration of Credit Risk – this is the risk of loss attributed to the magnitude of the City’s investment in a single issuer. The City has addressed this risk by purchasing investments that are secured by FDIC insurance.

Interest Rate Risk – this is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater sensitivity of its fair value to changes in market interest rates. The City has attempted to address this risk by diversifying the investments and their maturity dates to minimize the risk of loss.

Investments at June 30, 2017 consisted of certificates of deposit with local financial institutions. The market value and the cost of these investments were essentially the same at June 30, 2017.

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE C – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 consisted of the following:

Receivable Type	Statement of	Balance Sheet - Governmental Funds	
	Net Position Governmental Activities	General Fund	Special Revenue Fund
Property Tax	\$ 10,155	\$ 10,155	\$ -
Insurance Tax	160,899	160,899	-
Code Enforcement Fines	675	675	-
Municipal Road Aid	7,889	-	7,889
Total Receivables	\$ 179,618	\$ 171,729	\$ 7,889

NOTE D – FIXED ASSETS

Fixed asset activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities				
Non-depreciable Assets:				
Land	\$ 481,207	\$ -	\$ -	\$ 481,207
Construction In Progress	24,750	24,750	49,500	-
Total non-depreciable assets	505,957	24,750	49,500	481,207
Depreciable Assets:				
Building and Improvements	696,135	-	-	696,135
Equipment	12,299	-	-	12,299
Infrastructure	1,635,416	228,667	44,544	1,819,539
Total depreciable assets	2,343,850	228,667	44,544	2,527,973
Total fixed assets	2,849,807	253,417	94,044	3,009,180
Accumulated Depreciation:				
Building and Improvements	28,858	25,900	-	54,758
Equipment	12,299	-	-	12,299
Infrastructure	756,212	152,030	42,629	865,613
Total accumulated depreciation	797,369	177,930	42,629	932,670
Governmental activities fixed assets, net	\$ 2,052,438	\$ 75,487	\$ 51,415	\$ 2,076,510

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE D – FIXED ASSETS - CONTINUED

Depreciation expense of \$177,930 was allocated to the various functions on the statement of activities as follows:

General Government	\$ 25,900
Public Works	3,835
Road Maintenance	148,195
Total	<u>\$ 177,930</u>

NOTE E – LONG-TERM LIABILITIES

A summary of long-term liabilities and the corresponding activity for the year ended June 30, 2016 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Pension Obligation	<u>\$ 235,063</u>	<u>\$ 21,505</u>	<u>\$ -</u>	<u>\$ 256,568</u>	<u>\$ -</u>

Pension Obligation:

As further discussed in Note I, the City is now required to report a liability for pension obligations.

NOTE F – FUND BALANCES – GOVERNMENTAL FUNDS

Classifications of fund balances at June 30, 2017 are as follows:

<u>Classification</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Nonspendable:		
From prepaid items	\$ 7,432	\$ -
Restricted:		
By enabling legislation for roads	-	14,880
Assigned:		
By passage of next year's budget	257,825	-
Unassigned	1,379,838	-
Total Fund Balances	<u>\$ 1,645,095</u>	<u>\$ 14,880</u>

NOTE G – PROPERTY TAX REVENUE

Property tax revenue is shown net of property tax discounts in the amount of \$57,677 and refunds of \$816.

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE H – OPERATING LEASES

Rental Income

The City leases office space in the building it purchased in April 2015 to serve as City Hall. Excluding the portion of the building used by the City, there are 4 other separate office spaces that can be rented. At June 30, 2017, the City was landlord in the following lease agreements:

Suite 101: One year lease commencing on February 1, 2017 and ending on January 31, 2018. The agreement calls for the tenant to make a \$900 security deposit and then monthly rent payments of \$930.

Suite 202: One year lease commencing on June 1, 2017 and ending on May 31, 2018. The agreement calls for the tenant to make an \$816 security deposit and then 1 annual rent payment of \$10,240 on or before June 1, 2017.

Suite 205: Two year lease commencing on November 1, 2016 and ending on October 31, 2018. The agreement calls for the tenant to make a \$2,100 security deposit and then monthly rent payments of \$2,100 plus a monthly cleaning fee of \$165.

Rental income in the amount of \$47,348 was recognized for the fiscal year ending June 30, 2017. Future payments to be received under these agreements for the years ending June 30th are as follows:

2018	\$38,340
2019	\$15,570

The total cost of the property acquired by the City for use as city hall, as well as the additional office space that is rented out, and subsequent improvements was \$696,135 (excluding land with a value of \$428,032) with accumulated depreciation of \$54,758 at June 30, 2017.

NOTE I - EMPLOYEE RETIREMENT SYSTEM

The City has elected to participate in the County Employee Retirement System (CERS) pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems.

The plan issues separate financial statements, which may be obtained by request from Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601, or by calling (502) 696-8900, or at <https://kyret.ky.gov>.

Plan Description

CERS is a cost sharing, multiple employer defined benefit pension plan which covers all eligible full-time employees in both non-hazardous and hazardous positions of each county, city, school board, and any additional eligible local agencies electing to participate in CERS. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Benefit contributions and provisions are established by statute. The City of Hurstbourne, Kentucky has no employees that qualify for the hazardous duty retirement portion of this pension plan.

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE I - EMPLOYEE RETIREMENT SYSTEM - CONTINUED

Plan Description – Continued

Prior to July 1, 2009, cost-of-living adjustments (COLAs) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 1, 2009, and on July 1 of each year thereafter, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the COLA if, in its judgement, the welfare of the Commonwealth so demands. No COLA has been granted since July 1, 2011.

Non-hazardous Benefits

Non-hazardous covered employees who began contributing to CERS prior to September 1, 2008, final compensation represents the average fiscal year of earnings with the highest monthly average used when calculating your retirement benefit. Final compensation is based on the 5-high creditable compensation years with a minimum of 48 months and a minimum of five fiscal years. Final compensation is determined by dividing the total salary earned during the 5-high years by the number of months worked, then multiplying by twelve. Non-hazardous members age 65 or older, or with 27 or more years of service are eligible to retire and receive unreduced benefits. Any non-hazardous member, age 55, with a minimum of five years of service may retire with a reduction in benefits.

For non-hazardous members who began contributing to CERS on or after September 1, 2008, any member age 57 or older, may retire with no reduction in benefits if the member's age and years of service equal 87. In addition, a member, age 65, with at least 60 months of service may retire with no reduction in benefits. A member, age 60 or older, with at least 120 months of service credit may retire at any time with a reduction of benefits.

Non-hazardous Contributions

For the year ending June 30, 2017, all covered employees who began participating before September 1, 2008, are required to contribute 5 percent of their annual creditable compensation to the plan. Participating employers are required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. For the year ended June 30, 2017, participating employers contributed 18.68% of each employee's creditable compensation, which was the actuarially determined rate set by the Board. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

In accordance with House Bill 1, signed by the Governor on June 27, 2008, covered employees who began participating on, or after, September 1, 2008 were required to contribute a total of 6% of their annual creditable compensation. Five percent of the contribution was deposited to the member's account while 1% was deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE I - EMPLOYEE RETIREMENT SYSTEM - CONTINUED

Non-hazardous Contributions - Continued

Fund (see Kentucky Administrative Regulation 102 KAR 1:420E). Interest is paid each June 30th on covered employees' accounts at a rate of 2.5%. If a covered employee terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited. For plan members who began participating prior to September 1, 2008, their contributions remain at 5% of the annual creditable compensation.

In accordance with Senate Bill 2 signed by the Governor on April 4, 2013, covered employees who began participating on, or after, January 1, 2014, were required to participate in 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. Covered employees in the plan contribute a set percentage of their salary each month to their own account. Non-hazardous covered employees contribute 5% of their annual creditable compensation and 1% to the health insurance fund which is not credited to the covered employee's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributions a set percentage of the covered employee's compensation. Each month, when employer contributions are received, an employer pay credit is deposited to the covered employee's account. A covered employee's account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

Contributions to the non-hazardous pension plan from the City were \$24,071 for the year ended June 30, 2017.

General Information about Insurance Benefits

Plan Description

The Kentucky Retirement Insurance Fund (Fund) was established to provide hospital and medical insurance for covered employees from KERS, CERS, and SPRS. The Fund pays a prescribed contribution of the whole or partial payment of required premiums to purchase hospital and medical insurance. The Fund pays the same proportion of hospital and medical insurance premiums for the spouse and dependents of retired hazardous members killed in the line of duty.

Insurance Benefits

For covered employees participating prior to July 1, 2003, the amount of contribution paid for hospital and medical insurance is based on the years of service and respective percentages of the maximum contribution as follows:

<u>Years of Service</u>	<u>% Paid by Insurance Fund</u>	<u>% Paid by Member through Payroll Deduction</u>
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE I - EMPLOYEE RETIREMENT SYSTEM – CONTINUED

Insurance Benefits - Continued

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 \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on or after July 1, 2003, earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, such employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment (COLA), which is updated annually due to changes in the Consumer Price Index for all urban consumers. This benefit is not protected under the inviolable contract provisions of the Kentucky Revised Statute 16.652, 61.692, and 78.852. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

Insurance Contributions

In prior years, the employer's required medical insurance contribution was being increased annually by a percentage that would result in advance-funding the medical liability on an actuarially determined basis using the entry age normal cost method within a 20-year period measured from 1987. In November 1992, the Board of Trustees adopted a fixed percentage contribution rate and suspended future increases under the current medical premium funding policy until the next experience study could be performed. In May 1996, the Board of Trustees adopted a policy to increase the insurance contribution rate by the amount needed to achieve a target rate for the full entry age normal funding within 20 years.

The Board elected to contract with Humana Insurance Company to provide healthcare benefits to KRS's retirees through a fully-insured Medicare Advantage Plan. The Humana Medicare Advantage Plan became effective January 1, 2013.

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

Pension Liabilities

At June 30, 2017 the City recognized a liability of \$256,568 for its proportionate share of the CERS net pension liability related to non-hazardous duty employees. The City's net pension liability was measured as of June 30, 2016, as allowed by standards, 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 contributions to the pension plan (\$24,071 non-hazardous) relative to the total contributions of all participants in the respective non-hazardous and hazardous retirement plans. At June 30, 2016 the City's share of the non-hazardous net pension liability was .005211% which a decrease of .000256% from the figure of .005467% in the prior period.

Pension Payable/Expense

At June 30, 2017 the City had paid all of its obligations owed to Kentucky Retirement Systems for non-hazardous pension withholdings and the City's required matching contribution for the month of June 2017.

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE I - EMPLOYEE RETIREMENT SYSTEM – CONTINUED

Pension Payable/Expense - Continued

For the year ended June 30, 2017, the City recognized pension expense of \$39,366 for non-hazardous covered employees in the statement of activities.

Deferred Inflows/Outflows of Resources

At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Non-Hazardous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,120	\$ -
Change of Assumptions	13,592	-
Net difference between projected and actual earnings on plan investments	24,120	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,516	6,866
City's contributions to the plan subsequent to the measurement date	18,451	-
Totals	\$ 58,799	\$ 6,866

The schedule above includes only certain categories of deferred outflows of resources and deferred inflows of resources. These include the differences between expected and actual earnings on investments as well as contributions made after the measurement date. If the amounts serve to reduce pension expense they are labeled deferred inflows. If they will increase pension expense they are labeled deferred outflows.

The amounts reported in the table as deferred outflows of resources related to plan contributions made subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows / inflows will be recognized in pension expense as follows:

	Non-Hazardous
Year 1	\$ 12,579
Year 2	7,313
Year 3	8,231
Year 4	5,359
Year 5	-
Thereafter	-
Total	\$ 33,482

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE I - EMPLOYEE RETIREMENT SYSTEM – CONTINUED

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary Increase	4.0%, average, including inflation
Investment Rate of Return	7.50 percent, net of pension plan investment expense, including inflation
Actuarial Cost Method	Entry Age Normal

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.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

The long-term expected return on system assets is reviewed as part of the regular experience studies prepared every five years for the System. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense, and inflation) were developed by the investment consultant for each major asset class (see chart below). These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE I - EMPLOYEE RETIREMENT SYSTEM – CONTINUED

Actuarial Assumptions - Continued

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Combined Equity	44.00%	5.40%
Combined Fixed Income	19.00%	1.50%
Real Return (Diversified Inflation Strategies)	10.00%	3.50%
Real Estate		
Absolute Return (Diversified Hedge Funds)	5.00%	4.50%
	10.00%	4.25%
Private Equity	10.00%	8.50%
Cash Equivalent	2.00%	-0.25%
	<u>100.00%</u>	

Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have not been updated.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The discount rate determination does not use a municipal bond rate. Projected future benefit payments for all current plan members were projected through 2117.

The following table presents the City's net pension liability, calculated using the discount rate of 7.50%, as well as what the liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) and 1 percentage point higher (8.50%) than the current rate.

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Non-Hazardous	\$ 319,725	\$ 256,568	\$ 202,429

Pension Plan Fiduciary Net Position

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

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE J - INTERGOVERNMENTAL REVENUE

Under the provisions of state law, the Commonwealth of Kentucky reimbursed the City for coal and mineral severance and costs associated with road maintenance and repair during the year ended June 30, 2017.

NOTE K - LITIGATION

The City is involved in various legal proceedings incidental to the normal course of business. City Commission is of the opinion, based upon the advice of general counsel, that although the outcome of such litigation cannot be forecast with certainty, final disposition should not have a material effect on the financial position of the City.

NOTE L - 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 such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE M - IMPLEMENTATION OF GASB PRONOUNCEMENTS

The City prepares its financial statements in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a listing of standards implemented during this fiscal year and schedule for implementation in the future.

Pronouncements Scheduled to be Adopted in this Fiscal Year:

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

The provisions of this statement are effective for fiscal years beginning after June 15, 2016 with earlier adoption encouraged. This standard is intended to improve the usefulness of information provided about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental plans for making decisions and assessing accountability.

GASB Statement No. 77, Tax Abatement Disclosures

The provisions of this statement are effective for fiscal years beginning after December 15, 2015 with earlier adoption encouraged. This standard is meant to assist users of the City's financial statement in determining any limitations on its revenue raising capacity resulting from programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the City or its citizens.

GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans

The provisions of this statement are effective for fiscal years beginning after December 15, 2015 with earlier adoption encouraged. This standard is meant to clarify the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*.

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE M – IMPLEMENTATION OF GASB PRONOUNCEMENTS - CONTINUED

Pronouncements Scheduled to be Adopted in this Fiscal Year (Continued):

GASB Statement No. 80, Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14

The provisions of this statement are effective for fiscal years beginning after June 15, 2016 with earlier adoption encouraged. This standard is meant to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

GASB Statement No. 82, Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73

The provisions of this statement are effective for fiscal years beginning after June 15, 2016 with earlier adoption encouraged. This standard is meant to address certain issues that have been raised with respect to the statements referred to above.

Pronouncements Scheduled to be Adopted in Future Fiscal Years:

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

The provisions of this statement are effective for fiscal years beginning after June 15, 2017 with earlier adoption encouraged. This standard is intended to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions as well as improving information provided by state and local governmental employers about financial support for such benefits that is provided by other entities. The City is still determining the impact, if any, this statement will have on the financial statements.

GASB Statement No. 81, Irrevocable Split-Interest Agreements

The provisions of this statement are effective for fiscal years beginning after December 15, 2016 with earlier adoption encouraged. This standard is meant to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. At this time the City does not believe the provisions of this standard will have any impact on its financial statements.

GASB Statement No. 83, Certain Asset Retirement Obligations

The provisions of this statement are effective for fiscal years beginning after June 15, 2018 with earlier adoption encouraged. This standard is meant to address accounting and financial reporting for certain asset retirement obligations. The City is still determining the impact, if any, this statement will have on the financial statements.

GASB Statement No. 84, Fiduciary Activities

The provisions of this statement are effective for fiscal years beginning after December 15, 2018 with earlier adoption encouraged. This standard is meant to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. At this time the City does not believe the provisions of this standard will have any impact on its financial statements.

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE M – IMPLEMENTATION OF GASB PRONOUNCEMENTS - CONTINUED

Pronouncements Scheduled to be Adopted in Future Fiscal Years (Continued):

GASB Statement No. 85, Omnibus 2017

The provisions of this statement are effective for fiscal years beginning after June 15, 2017 with earlier adoption encouraged. This standard is meant to address practice issues that have been identified during implementation and application of certain GASB Statements as they relate to a variety of topics including goodwill, fair value measurement and postemployment benefits. The City is still determining the impact, if any, this statement will have on the financial statements.

GASB Statement No. 86, Certain Debt Extinguishment Issues

The provisions of this statement are effective for fiscal years beginning after June 15, 2017 with earlier adoption encouraged. The primary objective of this standard is to improve consistency in accounting and financial reporting for in-substance defeasance of debt. At this time the City does not believe the provisions of this standard will have any impact on its financial statements.

GASB Statement No. 87, Leases

The provisions of this statement are effective for fiscal years beginning after December 15, 2019. The objective of this standard is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The City is still determining the impact, if any, this statement will have on the financial statements.

CITY OF HURSTBOURNE, KENTUCKY
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>REVENUES</u>					
Taxes:					
Property Taxes	\$ 1,161,000	\$ -	\$ 1,161,000	\$ 1,154,031	\$ (6,969)
Insurance Premium Tax	710,000	-	710,000	734,910	24,910
Bank Franchise	65,000	-	65,000	65,639	639
Cable Franchise	28,000	-	28,000	28,923	923
License and Permits:					
Sign Permits	7,000	-	7,000	7,006	6
Alcohol License Fee	16,000	-	16,000	18,500	2,500
Home Occupation Income	600	-	600	550	(50)
Business License	8,500	-	8,500	12,525	4,025
Intergovernmental					
Base Court Revenue	-	-	-	4,402	4,402
Coal & Mineral Income	200	-	200	189	(11)
Charges for Services					
Rents	50,000	-	50,000	47,348	(2,652)
Property Tax Penalties and Interest	5,000	-	5,000	2,410	(2,590)
Other Income	2,000	-	2,000	33,007	31,007
Interest Income	3,000	-	3,000	3,037	37
Total Revenues Before Prior Year Fund Balance	<u>2,056,300</u>	<u>-</u>	<u>2,056,300</u>	<u>2,112,477</u>	<u>56,177</u>
Prior Year Fund Balance:					
Appropriated for Current Year Budget	255,000	-	255,000	-	(255,000)
Total Revenues and Prior Year Fund Balance	<u>2,311,300</u>	<u>-</u>	<u>2,311,300</u>	<u>2,112,477</u>	<u>(198,823)</u>
<u>EXPENDITURES AND ENCUMBRANCES</u>					
General Government:					
General and Administrative Expenditures					
General Government:					
City Attorney Retainer	22,000	-	22,000	20,036	1,964
Outside Counsel	2,000	-	2,000	1,500	500
Auditor	6,000	-	6,000	5,625	375
Financial Assistant	32,500	-	32,500	32,500	-
Recording Secretary	4,500	-	4,500	3,888	612
Advertising	7,500	-	7,500	4,466	3,034
Travel	1,000	-	1,000	199	801
Memberships and Training	3,500	-	3,500	3,106	394
Subscriptions	1,500	-	1,500	746	754
Refreshments	1,200	-	1,200	202	998

See the accompanying notes to the required supplementary information on budgetary reporting.

CITY OF HURSTBOURNE, KENTUCKY
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>EXPENDITURES AND ENCUMBRANCES - Continued</u>					
General Government: (Continued)					
General and Administrative Expenditures (Continued)					
General Government (Continued):					
Safety Deposit Box	200	-	200	155	45
Telephones	4,200	-	4,200	3,306	894
Published City Directory	15,000	-	15,000	1,844	13,156
PVA Assessment	38,000	-	38,000	34,929	3,071
Automotive	2,000	-	2,000	1,321	679
General Government Miscellaneous	10,000	-	10,000	2,594	7,406
200 Whittington - City Hall					
Gas and Electric	10,000	-	10,000	12,093	(2,093)
Water/Sewer	3,600	-	3,600	3,300	300
Cleaning Service	4,500	-	4,500	5,763	(1,263)
Building Maintenance	1,500	-	1,500	3,157	(1,657)
Building Materials/Supplies	1,000	-	1,000	392	608
Equipment Maintenance	1,500	-	1,500	225	1,275
Building Improvements	60,000	-	60,000	28,679	31,321
Dumpster - Sanitation	1,000	-	1,000	-	1,000
Furniture and Fixtures	1,000	-	1,000	396	604
Legal and Management Expense	2,000	-	2,000	-	2,000
Leasing Expense	5,000	-	5,000	-	5,000
Tenant Finish	10,000	-	10,000	304	9,696
Insurance - Property	4,500	-	4,500	4,673	(173)
City Hall Miscellaneous Expense	5,000	-	5,000	-	5,000
Office Supplies:					
Supplies	3,000	-	3,000	1,543	1,457
Office Equipment	2,000	-	2,000	3,218	(1,218)
Postage	4,000	-	4,000	6,082	(2,082)
Computer Equipment	2,000	-	2,000	102	1,898
Computer Software	2,000	-	2,000	284	1,716
Equipment Maintenance	2,500	-	2,500	2,119	381
Printing - Newsletter	5,000	-	5,000	3,666	1,334
Printing - Other	1,500	-	1,500	4,160	(2,660)
Web Page	5,000	-	5,000	519	4,481
Personnel:					
Salaries and Wages	167,100	-	167,100	167,381	(281)
Payroll Taxes - FICA	13,000	-	13,000	12,541	459

See the accompanying notes to the required supplementary information on budgetary reporting.

CITY OF HURSTBOURNE, KENTUCKY
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>EXPENDITURES AND ENCUMBRANCES - Continued</u>					
General Government: (Continued)					
General and Administrative Expenditures (Continued)					
Personnel (Continued):					
Payroll Taxes Unemployment	2,000	-	2,000	441	1,559
Payroll Service	2,000	-	2,000	1,589	411
Retirement Contribution	24,000	-	24,000	24,071	(71)
Health Insurance	36,000	-	36,000	36,526	(526)
Dental Insurance	7,000	-	7,000	6,425	575
Insurance:					
Insurance/Liability	9,500	-	9,500	10,951	(1,451)
Insurance/Property	6,500	-	6,500	2,103	4,397
Bonding	5,500	-	5,500	4,273	1,227
Workers Compensation	1,000	-	1,000	677	323
Total General Government	<u>562,300</u>	<u>-</u>	<u>562,300</u>	<u>464,070</u>	<u>98,230</u>
Public Safety:					
Vehicle/Pedestrian Safety					
Police Patrols	60,000	-	60,000	48,300	11,700
Street Lighting - Electricity	125,000	-	125,000	128,763	(3,763)
Electrical Repairs - Improvements	4,000	-	4,000	-	4,000
Street Signs and Markings	5,000	-	5,000	2,567	2,433
Supplies and Promotions	1,000	-	1,000	-	1,000
General Public Safety					
Public Safety Miscellaneous	5,000	-	5,000	4,964	36
Total Public Safety	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>184,594</u>	<u>15,406</u>
Public Works:					
General:					
Holiday Decorations	8,000	-	8,000	6,638	1,362
Public Works Miscellaneous	15,000	-	15,000	2,942	12,058
Landscaping:					
Landscaping Other	1,000	-	1,000	-	1,000
Horticulturalist	22,000	-	22,000	12,972	9,028
Contract Gardener	135,000	-	135,000	120,851	14,149

See the accompanying notes to the required supplementary information on budgetary reporting.

CITY OF HURSTBOURNE, KENTUCKY
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>EXPENDITURES AND ENCUMBRANCES - Continued</u>					
Public Works (Continued):					
Maintenance:					
Grass Cutting	110,000	-	110,000	111,430	(1,430)
Chemical Applications	38,000	-	38,000	23,720	14,280
Irrigation					
Annual Service Contract	28,000	-	28,000	25,951	2,049
System Replacement	75,000	-	75,000	108,592	(33,592)
Water	80,000	-	80,000	91,490	(11,490)
Electrician/Landscape	10,000	-	10,000	4,025	5,975
Other Maintenance	5,000	-	5,000	-	5,000
Special Projects:					
Hazardous Tree Inspections	2,000	-	2,000	2,000	-
Entrance Improvements and Upgrades	50,000	-	50,000	62,405	(12,405)
Median Improvements	10,000	-	10,000	1,825	8,175
Bridle Path - Wimborne	2,000	-	2,000	-	2,000
City Park	2,000	-	2,000	-	2,000
Sidewalk Repair	40,000	-	40,000	41,565	(1,565)
Storm Water	100,000	-	100,000	-	100,000
Spring/Fall Planting:					
Flowers	15,000	-	15,000	31,698	(16,698)
Plant Replacements	20,000	-	20,000	15,907	4,093
Mulch	30,000	-	30,000	29,622	378
Tree Replacement	15,000	-	15,000	6,966	8,034
Tree Removal	25,000	-	25,000	46,861	(21,861)
Roads:					
City Engineer	45,000	-	45,000	31,580	13,420
Scheduled Maintenance-Resurfacing	50,000	-	50,000	37,827	12,173
Unscheduled Maintenance	10,000	-	10,000	3,960	6,040
Street Cleaning	2,000	-	2,000	-	2,000
Snow Removal	45,000	-	45,000	23,940	21,060
Total Public Works	990,000	-	990,000	844,767	145,233
Sanitation/Code Enforcement:					
Sanitation					
Residential Collection	440,000	-	440,000	440,291	(291)
Publications	1,000	-	1,000	-	1,000
Sanitation Miscellaneous	2,000	-	2,000	569	1,431
Code Enforcement					
Code Enforcement Miscellaneous	6,000	-	6,000	100	5,900
Total Sanitation/Code Enf	449,000	-	449,000	440,960	8,040

See the accompanying notes to the required supplementary information on budgetary reporting.

CITY OF HURSTBOURNE, KENTUCKY
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>EXPENDITURES AND ENCUMBRANCES - Continued</u>					
Community Development					
Community Projects and Events					
Commission Special Projects	100,000	-	100,000	-	100,000
Community Outreach and Events	10,000	-	10,000	6,220	3,780
Total Community Develop.	<u>110,000</u>	<u>-</u>	<u>110,000</u>	<u>6,220</u>	<u>103,780</u>
 Total Expenditures	 <u>2,311,300</u>	 <u>-</u>	 <u>2,311,300</u>	 <u>1,940,611</u>	 <u>370,689</u>
 Net Change in Fund Balance	 -	 -	 -	 171,866	 171,866
Fund Balance - July 1, 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,473,229</u>	<u>1,473,229</u>
Fund Balance - June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,645,095</u>	<u>\$ 1,645,095</u>

See the accompanying notes to the required supplementary information on budgetary reporting.

CITY OF HURSTBOURNE, KENTUCKY
BUDGETARY COMPARISON SCHEDULE - MUNICIPAL ROAD AID FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Total Actual</u>	<u>Variance</u>
<u>REVENUES</u>					
Municipal Road Aid:					
Intergovernmental Revenue	\$ 80,000	\$ -	\$ 80,000	\$ 84,887	\$ 4,887
Total Revenues Before Prior Year Fund Balance	<u>80,000</u>	<u>-</u>	<u>80,000</u>	<u>84,887</u>	<u>4,887</u>
Prior Year Fund Balance:					
Appropriated for Current Year Budget	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Prior Year Fund Balance	<u>80,000</u>	<u>-</u>	<u>80,000</u>	<u>84,887</u>	<u>4,887</u>
<u>EXPENDITURES AND ENCUMBRANCES</u>					
Municipal Road Aid:					
Street Paving and Repairs	80,000	-	80,000	80,000	-
Total Municipal Road Aid	<u>80,000</u>	<u>-</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Excess (Deficiency) of Revenue over Expenditures	-	-	-	4,887	4,887
Fund Balance - July 1, 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,993</u>	<u>9,993</u>
Fund Balance - June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,880</u>	<u>\$ 14,880</u>

See the accompanying notes to the required supplementary information on budgetary reporting.

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION ON
BUDGETARY REPORTING
JUNE 30, 2017

Budgets and the Budgetary Process

The City follows the procedures established pursuant to Section 91A.030 of the Kentucky Revised Statutes in establishing the budgetary data reflected in the financial statements. Budgets and budget amendments for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Encumbrances

As previously disclosed, 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.

Reconciliation

Certain expenditures are required to be reported as capital outlay on the fund financial statements regardless of the department or function within general government that acquires the capital item. For budgetary purposes however, the City budgets for those expenditures on specific lines of the department or function from which payment will be made. Differences between the budgetary basis as reported in the required supplementary information differs from the fund financial statements in the following areas:

<u>Budgetary Fund/Department/Line Item</u>	<u>Reported as Capital Outlay in the Fund Financials</u>	
	<u>General Fund</u>	<u>Municipal Road Aid Fund</u>
Public Works:		
City Properties:		
Entrance Improvements & Upgrades	\$ 24,750	\$ -
Roads:		
Scheduled Maintenance - Resurfacing	37,827	-
Maintenance:		
Irrigation- System Replacement	61,340	
Roads		
Street Paving and Repairs	-	80,000
	<u>\$ 123,917</u>	<u>\$ 80,000</u>

**CITY OF HURSTBOURNE, KENTUCKY
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY OF THE COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Year Ended June 30th</u>	<u>City's proportion of the net pension liability</u>	<u>City's proportionate share of the net pension liability (asset)</u>	<u>City's covered employee payroll</u>	<u>City's share of the net pension liability (asset) as a percentage of its covered employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
Non-Hazardous:					
2017	Not Available	Not Available	\$ 128,859	Not Available	Not Available
2016	0.005211%	\$ 256,568	\$ 124,308	206.40%	55.50%
2015	0.005467%	\$ 235,063	\$ 127,557	184.28%	59.97%
2014	0.005369%	\$ 174,206	\$ 123,184	141.42%	66.80%
2013	Not Available	\$ 197,118	\$ 117,008	168.47%	Not Available
2012-2008	Not Available	Not Available	Not Available	Not Available	Not Available

This schedule is intended to present a 10-year trend as required by GASB 68. Additional years will be reported as incurred.

See the accompanying notes to the required supplementary information on pension reporting.

**CITY OF HURSTBOURNE, KENTUCKY
SCHEDULE OF THE CITY'S CONTRIBUTIONS TO THE COUNTY
EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Year Ended June 30th</u>	<u>Contractually required contribution</u>	<u>Contribution relative to contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>City's covered employee payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
Non-Hazardous:					
2017	\$ 24,071	\$ 24,071	\$ -	\$ 128,859	18.68%
2016	\$ 21,207	\$ 21,207	\$ -	\$ 124,308	17.06%
2015	\$ 22,539	\$ 22,539	\$ -	\$ 127,557	17.67%
2014	\$ 23,270	\$ 23,270	\$ -	\$ 123,184	18.89%
2013	\$ 22,875	\$ 22,875	\$ -	\$ 117,008	19.55%
2012-2008	Not Available	Not Available	Not Available	Not Available	Not Available

This schedule is intended to present a 10-year trend as required by GASB 68. Additional years will be reported as incurred.

See the accompanying notes to the required supplementary information on pension reporting.

**CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
ON PENSION REPORTING
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE A – ACCOUNTING POLICIES

For purposes of determining net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, 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 to the City by CERS.

NOTE B – CHANGES OF BENEFIT TERMS

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2009: A new benefit tier for members who first participate on or after September 1, 2008 was introduced which included the following changes:

- Tiered Structure for benefit accrual rates
- New retirement eligibility requirements
- Different rules for the computation of final average compensation

2014: A cash balance plan was introduced for members whose participation date is on or after January 1, 2014.

NOTE C – CHANGES OF ASSUMPTIONS

2015

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to .75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%
- 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.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

NOTE D – METHOD AND ASSUMPTIONS USED IN CALCULATION OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The actuarially determined contribution rates are determined on a biennial basis beginning with the fiscal years ended 2016 and 2017, determined as of July 1, 2015. The amortization period of the unfunded liability has been reset as of July 1, 2013 to a closed 30-year period. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule.

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
ON PENSION REPORTING
FOR THE YEAR ENDED JUNE 30, 2017

NOTE D – METHOD AND ASSUMPTIONS USED IN CALCULATION OF ACTUARIALLY DETERMINED CONTRIBUTIONS - CONTINUED

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28 years
Asset valuation method	5-year smoothed market
Inflation	3.25 percent
Salary increase	4.00, average including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

NOTE E – MEASUREMENT DATE

As allowed by current audit standards, CERS has used a measurement date of June 30, 2016 for reporting information to the City.

NOTE F – CONTRACTUALLY REQUIRED CONTRIBUTIONS

Amounts shown as contractually required contributions include all amounts due and paid to CERS, including both the pension portion and the amount allocated to the insurance fund of CERS.

Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Mayor and Members of the City Commission
City of Hurstbourne, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Hurstbourne, Kentucky, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise City of Hurstbourne, Kentucky's basic financial statements, and have issued our report thereon dated October 6, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Hurstbourne, Kentucky's internal control over financial reporting (internal control) to determine the 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 Hurstbourne, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Hurstbourne, 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 or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Hurstbourne, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Stephens & Lawson CPAs

Louisville, Kentucky
October 6, 2017

**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***

**CITY OF HURSTBOURNE, KENTUCKY
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules on pages 3 through 8 and 35 through 45 be presented to supplement the basic financial statements. Such 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. 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 October 6, 2017, on our consideration of the City of Hurstbourne, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hurstbourne, Kentucky's internal control over financial reporting on compliance.

Stephens & Lawson, CPAs

Louisville, Kentucky

October 6, 2017

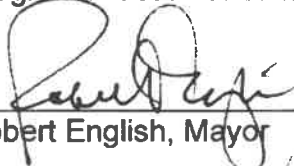
City of Hurstbourne Commission
Municipal Order No. 11-19 Series 2011
July 26, 2011

WHEREAS, the Louisville, Jefferson County Metro Government Council has enacted its Ordinance No. 110, Series 2006, Section 97.100 of the Louisville/Jefferson County Metro Government Code of Ordinances [LMCO] establishing a Metro Partnership Program with Suburban Cities for a Capital Improvement Program [the "Program"; and

WHEREAS, the City of Hurstbourne, Kentucky wishes to participate in the Program pursuant to LMCO 97.100(F).

NOW, THEREFORE, BE IT RESOLVED BY THE CITY AS FOLLOWS:

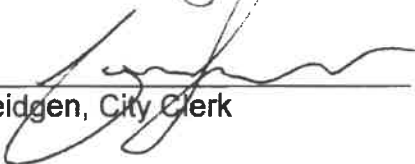
1. The City hereby elects to participate in the Program for capital projects which are authorized by LMCO 97.100.
2. The City agrees to construct projects funded in whole or in part by the Program in accordance with standards established in compliance with LMCO 97.100.



Robert English, Mayor



Date



Jim Leidgen, City Clerk



Date