

0-323-19

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

**Applicant/Program:** City of Hurstbourne ADA & Road Improvements Phase VIII  
**Applicant Requested Amount:** \$30,000  
**Appropriation Request Amount:** \$20,000

**Executive Summary of Request**

This funding will be used for the City of Hursbourne's phase VIII of thier ADA improvement project, specifically for the improvement of handicap ramps and sidewalks allwowing pedestrians to connect from residential areas to commercial areas of the community.

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  
District #      *Marilyn Parker*  
Primary Sponsor Signature      20,000      9-18-19  
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 & Road Improvements Phase VIII

**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 & Road Improvements Phase VIII

**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 \_\_\_\_\_ \$ \_\_\_\_\_

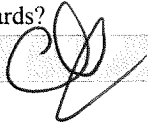
**LOUISVILLE METRO COUNCIL  
NEIGHBORHOOD DEVELOPMENT FUND APPLICATION**

**Legal Name of Applicant Organization** City of Hurstbourne

**Program Name and Request Amount** City of Hurstbourne ADA & Road Improvements Phase VIII \$30,000

	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?	No <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?	No <input type="checkbox"/>
Is the entity in good standing with: <ul style="list-style-type: none"> <li>▶ Kentucky Secretary of State?</li> <li>▶ Louisville Metro Revenue Commission?</li> <li>▶ Louisville Metro Government?</li> <li>▶ Internal Revenue Service?</li> <li>▶ Louisville Metro Human Relations Commission?</li> </ul>	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?	No <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?	N/A <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?	N/A <input type="checkbox"/>
Are the evaluation forms (if program participants are given evaluation forms) included?	Yes <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: 9-18-19

## LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

SECTION 1 – APPLICANT INFORMATION			
Legal Name of Applicant Organization: <b>CITY OF HURSTBOURNE</b> <small>(as listed on: <a href="http://www.sos.ky.gov/business/records">http://www.sos.ky.gov/business/records</a>)</small>			
Main Office Street & Mailing Address: 200Whittington Parkway, Suite 100 - Louisville, KY 40222			
Website: <a href="http://www.hurstbourne.org">www.hurstbourne.org</a>			
Applicant Contact:	Mr. Jim Leidgen	Title:	City Manager/Administrator
Phone:	(502) 426-4808	Email:	<a href="mailto:jim@hurstbourne.org">jim@hurstbourne.org</a>
Financial Contact:	Ms. Trisha Sikkema	Title:	Accountant
Phone:	(502) 426-4808	Email:	<a href="mailto:trisha@hurstbourne.org">trisha@hurstbourne.org</a>
Organization's Representative who attended NDF Training: Chris Crumpton, Blue Stone Engineers			
GEOGRAPHICAL AREA(S) WHERE PROGRAM ACTIVITIES ARE (WILL BE) PROVIDED			
Program Facility Location(s):	City of Hurstbourne		
Council District(s):	18	Zip Code(s):	40222
SECTION 2 – PROGRAM REQUEST & FINANCIAL INFORMATION			
PROGRAM/PROJECT NAME: ADA & Road Improvements Phase VIII			
Total Request: (\$)	30,000	Total Metro Award (this program) in previous year: (\$)	30,000
Purpose of Request (check all that apply):			
<input type="checkbox"/> Operating Funds (generally cannot exceed 33% of agency's total operating budget) <input type="checkbox"/> Programming/services/events for direct benefit to community or qualified individuals <input checked="" type="checkbox"/> Capital Project of the organization (equipment, furnishing, building, etc)			
The Following are Required Attachments:			
<input checked="" type="checkbox"/> IRS Exempt Status Determination Letter <input checked="" type="checkbox"/> Current year projected budget <input checked="" type="checkbox"/> Current financial statement Most recent IRS Form 990 or 1120-H <input checked="" type="checkbox"/> Articles of Incorporation (current & signed) <input checked="" type="checkbox"/> Cost estimates from proposed vendor if request is for capital expense		<input type="checkbox"/> Signed lease if rent costs are being requested <input checked="" type="checkbox"/> IRS Form W9 <input type="checkbox"/> Evaluation forms if used in the proposed program <input checked="" type="checkbox"/> Annual audit (if required by organization) <input type="checkbox"/> Faith Based Organization Certification Form, if applicable	
For the current fiscal year ending June 30, list all funds appropriated and/or received from Louisville Metro Government for this or any other program or expense, including funds received through Metro Federal Grants, from any department or Metro Council Appropriation (Neighborhood Development Funds). Attach additional sheet if necessary.			
Source:		Amount: (\$)	0
Source:		Amount: (\$)	
Source:		Amount: (\$)	
Has the applicant contacted the BBB Charity Review for participation? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Has the applicant met the BBB Charity Review Standards? <input type="checkbox"/> Yes <input type="checkbox"/> No			

**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.

*JOV*

**LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION**

**SECTION 4 - BOARD OF DIRECTORS AND PAID STAFF**

Board Member	Term End Date
MARY MASICK - MAYOR	12-31-2022
EARL HUBBUCH - COMMISSIONER	12-31-2020
BEN JACKSON - COMMISSIONER	12-31-2020
BILL LEAVELL - COMMISSIONER	12-31-2020
LOIS WAGNER - COMMISSIONER	12-31-2020

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

Three Highest Paid Staff Names	Annual Salary
JAMES LEIDGEN	94,250
VICTORIA LEMKE	44,600
Bill Bennett <i>(EWC)</i>	6,000 <i>(EWC)</i>

Applicant's Initials *JSE*

**2019 CITY OFFICIALS UPDATE FORM**

Please complete your city information below:

Official Name of City	→	CITY OF HURSTBOURNE
Mailing Address	→	200 Whittington Pkwy Suite 100
City & Zip Code	→	Louisville, KY 40222
Business Hours	→	Mon-Fri 8:30 AM to 5:00 PM
Telephone (+ area code)	→	1-502-426-4808
FAX #	→	1-502-426-4889
Information Email	→	info@hurstbourne.org

Position	Name	Address	City	Zip code	Telephone	Email Address
<b>STAFF &amp; APPOINTED</b>						
City Clerk (Appointed)	Jim Leidgen	200 Whittington Pkwy Suite 100	Louisville	40222	502-426-4808	jim@hurstbourne.org
City Treasurer (Staff)	William Bennett	104 Davenport Lane	Louisville	40222	502-425-3030	bill@bennettcpas.com
City Manager (Appointed)	Jim Leidgen	200 Whittington Pkwy Suite 100	Louisville	40222	502-426-4808	jim@hurstbourne.org
City Attorney (Appointed)	John Singler	209 Old Harrods Creek Rd Suite 100	Louisville	40223	502-245-0825	singlerj@bellsouth.net
Finance Asst. (Contract)	Trisha Sikkema	200 Whittington Pkwy Suite 100	Louisville	40222	502-426-4808	trisha@hurstbourne.org
Admin. Asst. (Staff)	Victoria Lemke	200 Whittington Pkwy Suite 100	Louisville	40222	502-426-4808	victoria@hurstbourne.org
<b>ELECTED OFFICIALS</b>						
Mayor (4 Yrs)	Mary Schneider	200 Whittington Pkwy Suite 100	Louisville	40222	502-426-4808	maryschneider@hurstbourne.org
Commissioner (2 Yrs)	Earl Hubbuch	200 Whittington Pkwy Suite 100	Louisville	40222	502-426-4808	earl@hurstbourne.org
Commissioner (2 Yrs)	Ben Jackson	200 Whittington Pkwy Suite 100	Louisville	40222	502-426-4808	ben@hurstbourne.org
Commissioner (2 Yrs)	Lois Wagner	200 Whittington Pkwy Suite 100	Louisville	40222	502-426-4808	lois@hurstbourne.org
Commissioner (2 Yrs)	Bill Leavell	200 Whittington Pkwy Suite 100	Louisville	40222	502-426-4808	bill@hurstbourne.org
Primary Contact Person *	Jim Leidgen	200 Whittington Pkwy Suite 100	Louisville	40222	502-426-4808	jim@hurstbourne.org



## 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 sidewalk improvements on roads where ramps have been updated previously, however funding was not in place to remove and replace large stretches of sidewalk where cross slopes have become non-compliant due to tree roots and/or standing water. The is Phase will replace sidewalks along the entire frontage of the Church of Latter Day Saints along Nottingham Parkway and Linn Station Road, and very heavily pedestrian traveled location. Additionally, curb repairs and grate replacements will be made along Linn Station Road, Cromwell Hill Road, Seaton Springs Parkway, and Chadwick/Oxfordshire Lane.

**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):

- Nottingham Parkway and Linn Station Road along the the Church of Latter Day Saints frontage
- Curb and grate repairs along Linn Station Road, Cromwell Hill Road, Seaton Springs Parkway, and Chadwick/Oxfordshire Lane.

*JSV*

## 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

Applicant's Initials 

## LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

### SECTION 6 – PROGRAM/PROJECT BUDGET SUMMARY

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

Program/Project Expenses	Column 1	Column 2	Column (1+2)=3
	Proposed Metro Funds	Non- Metro Funds	Total Funds
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	39,800	69,800
L: Other Expenses (See Detailed List on Page 8)			
<b>*TOTAL PROGRAM/PROJECT FUNDS</b>	30,000	39,800	69,800
% of Program Budget	42.9 %	57.1 %	100%

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

Other State, Federal or Local Government	39,800
United Way	
Private Contributions (do not include individual donor names)	
Fees Collected from Program Participants	
Other (please specify)	
Total Revenue for Columns 2 Expenses **	39,800

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

\*\*Must equal or exceed total in column 2.

**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			
<b>Total</b>			

Applicant's Initials *JW*

## 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		
<i>Total Value of In-Kind</i> (to match Program Budget Line Item. Volunteer Contribution & Other In Kind)		

\* 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 2019 (FY2020)

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:

JEL

## LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

### SECTION 7 -- CERTIFICATIONS & ASSURANCES

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.

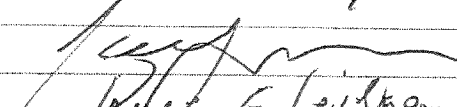
#### Standard Certifications

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.

### SECTION 8 -- CERTIFICATIONS & ASSURANCES

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:	6/11/19
Legal Signatory: (please print):	Robert E. Leithen	Title:	C.A.O.
Phone:	502 426-4808	Extension:	
Email:	rleithen@louisvillometro.org		

**Fiscal Year 2020 - ADA Streets Summary**  
**City of Hurstbourne**  
**Engineer's Estimated Costs**

**Major Sidewalk & Curb Repair work:**

720 LF (4' wide) = 320 SY of Sidewalk Replacement in front of the Church of Latter Day Saints (Nottingham Parkway & Linn Station Road) ..... \$ 44,800

Curb Repairs/Grate Replacements on Cromwell Hill Rd, Seaton Springs Parkway, Chadwick Road, & Oxfordshire Lane ..... \$ 25,000

**Total \$ 69,800**







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# STATEMENT OF FINANCIAL POSITION

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City of Hurstbourne  
Aug 2019

Published on 01 Oct 2019

# BALANCE SHEET

## BALANCE SHEET

Aug 2019

### ASSETS

#### Cash & Equivalents

Checking - Chase	\$1,048,403
Security Deposits - Chase	\$3,817
Petty Cash	\$300
Fifth Third MM 9789	\$148,656
Chase Svgs - Storm Drainage	\$113,263

**Total Cash & Equivalents** \$1,314,439

#### Other Current Assets

Taxes Receivable \$914

#### Investments

BB&T CD 7534 2/27/20 2.4%	\$245,584
CB&T CD 11/14/20 2.3%	\$243,000
Central Bnk 6477 11/30/19 1.26%	\$249,880
Stock Yards Bnk CD 7/31/20 2.5%	\$247,051
Storm Drainage 6065 2/13/20 2%	\$247,171
US Bank CD 4799 1/27/20 1.5%	\$247,000

**Total Investments** \$1,479,686

Undeposited Funds \$1,541

**Total Other Current Assets** \$1,482,141

**Total Current Assets** \$2,796,581

**Total Non-Current Assets** \$0

**Total Assets** \$2,796,581

### LIABILITIES

#### Other Current Liabilities

Deferred Revenue	\$12,276
Tenant Security Deposits	\$3,817

**Total Other Current Liabilities** \$16,092

**Total Current Liabilities** \$16,092

**Total Non-Current Liabilities** \$0

**Total Liabilities** \$16,092

### EQUITY

#### Retained Earnings

Unrestricted Net Assets \$1,672,247

#### Current Earnings

Net Income \$850,080

#### Other Equity

Restricted Net Assets \$258,161

**Total Equity** \$2,780,489

**Total Liabilities & Equity** \$2,796,581

**CITY OF HURSTBOURNE, KENTUCKY  
ORDINANCE NO. 19-03**

**AN ORDINANCE ADOPTING AN ANNUAL BUDGET FOR THE CITY OF HURSTBOURNE FOR THE  
FISCAL YEAR JULY 1, 2019 TO JUNE 30, 2020  
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:

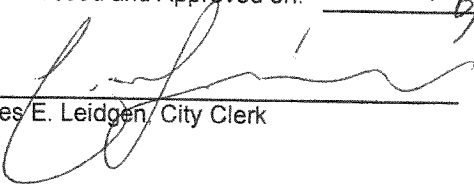
Section 1: That the annual budget for the fiscal year ending June 30, 2020, is hereby adopted as follows:

	<u>General Fund</u>	<u>Road Fund</u>	<u>Drainage Projects Fund</u>	<u>TOTAL ALL FUNDS</u>
<u>Resources Available:</u>				
Prior Year: Carry-Forward Appropriations	\$260,875	\$0	\$0	\$260,875
Current Year: Revenues & Other Appropriations		\$80,000	\$100,000	\$180,000
Property Taxes	\$1,310,000			\$1,310,000
Interest and Penalties	\$6,000			\$6,000
Insurance Premium Tax	\$760,000			\$760,000
Cable Franchise Fees	\$28,000			\$28,000
Bank Franchise Tax	\$72,000			\$72,000
Sign Fees	\$7,000			\$7,000
Alcohol Beverage Fees	\$17,000			\$17,000
Home Occupation Fees	\$600			\$600
Business License Fees	\$10,000			\$10,000
State Coal/Mineral Tax/Litter Abatement	\$200			\$200
Base Court Revenue (HB 413)	\$5,000			\$5,000
Interest General Fund	\$17,000			\$17,000
Miscellaneous Income	\$2,000			\$2,000
200 Whittington Bldg. - Tenant Leases	\$56,000			\$56,000
200 Whittington Bldg. - Other Income	\$0			\$0
Subtotal (Current Year) Revenues & Appropriations	<u>\$2,290,800</u>	<u>\$80,000</u>	<u>\$100,000</u>	<u>\$2,470,800</u>
Less Property Tax Discounts/Uncollected Accounts	(\$57,000)			(\$57,000)
Net Total (Current Year) Revenues & Appropriations	<u>\$2,233,800</u>	<u>\$80,000</u>	<u>\$100,000</u>	<u>\$2,413,800</u>
<b>Total Resources available for Appropriations</b>	<b>\$2,494,675</b>	<b>\$80,000</b>	<b>\$100,000</b>	<b>\$2,674,675</b>
<u>Expenses:</u>				
General Government	\$565,175			\$565,175
Public Works	\$1,118,000	\$80,000	\$100,000	\$1,298,000
Public Safety	\$219,000			\$219,000
Sanitation - Code Enforcement	\$482,500			\$482,500
Community Projects & Events	\$110,000			\$110,000
<b>Total Expense Appropriations</b>	<b>\$2,494,675</b>	<b>\$80,000</b>	<b>\$100,000</b>	<b>\$2,674,675</b>

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

First Reading held on: 6/11/19

ATTEST: Passed and Approved on: 6/25/19

  
James E. Leidgen, City Clerk

  
Mary Masick, Mayor

CITY OF HURSTBOURNE, KENTUCKY

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018



**CITY OF HURSTBOURNE, KENTUCKY  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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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, 2018, and the related notes to the financial statements, which collectively comprise the City of Hurstbourne, Kentucky'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 accounting 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, 2018, 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.

### **Change in Accounting Principle**

As described in Note M to the financial statements, during this fiscal year the City adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules, and OPEB schedules on pages 3 through 8 and 39 through 52 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 December 7, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Hurstbourne, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hurstbourne, Kentucky's internal control over financial reporting on compliance.

*Stephens & Lawson, CPAs*

Louisville, Kentucky  
December 7, 2018



## 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, 2018. 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 \$152,909 from the fiscal year ending June 30, 2017 to the fiscal year ending June 30, 2018. The most significant factors were:

- Increase in Property Tax Revenues of \$64,333
- Increase in Insurance Premium Tax of \$59,837

Significant revenues for the fiscal year were:

- Property Tax Revenues of \$1,220,479
- Insurance Premium Tax of \$794,747
- Bank Franchise Tax of \$69,859
- Operating Grants and Contributions of \$82,023

### 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.

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.

**REPORTING THE CITY AS A WHOLE - Continued**

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

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 \$209,732 in fiscal year 2018 as compared to fiscal year 2017 and the total liabilities of the City increased by \$135,091 over the same period of time. The increase in liabilities was driven by an increase in long-term liabilities due to an increase in the City's share of the unfunded pension liability of CERS as well as the inclusion of a liability for the unfunded other post-employment benefit obligation of CERS as well. These two items also lead to increases in the amounts reported for deferred outflows/inflows of resources in this fiscal year.

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Current Assets	\$ 1,927,339	\$ 1,718,175
Non-Depreciable Fixed Assets	481,207	481,207
Depreciable Fixed Assets, Net of	<u>1,595,871</u>	<u>1,595,303</u>
Total Assets	\$ 4,004,417	\$ 3,794,685
<b>Deferred Outflows of Resources</b>		
Deferred Amounts Related to Pensions	\$ 104,241	\$ 58,799
Deferred Amounts Related to OPEB	<u>30,617</u>	<u>-</u>
Total Deferred Outflows of Resources	134,858	58,799
<b>Liabilities</b>		
Current Liabilities	\$ 22,885	\$ 47,370
Long-Term Liabilities	<u>416,144</u>	<u>256,568</u>
Total Liabilities	\$ 439,029	\$ 303,938
<b>Deferred Inflows of Resources</b>		
Deferred Amounts Related to Pensions	\$ 32,581	\$ 6,866
Deferred Amounts Related to OPEB	5,569	-
Deferred Amounts from Unavailable Revenue	<u>3,300</u>	<u>-</u>
Total Deferred Inflows of Resources	41,450	6,866
<b>Net Position</b>		
Invested in Fixed Assets	\$ 2,077,078	\$ 2,076,510
Restricted	7,037	14,880
Unrestricted	<u>1,574,681</u>	<u>1,451,290</u>
Total Net Position	\$ 3,658,796	\$ 3,542,680

## 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 85.71% and 86.02% of the total revenue collected in the fiscal years ending 2018 and 2017 respectively. Total revenues for the year ended June 30, 2018 were \$2,351,149 which is an increase of \$152,909 over the previous fiscal year. This increase is due mainly to an increase in property and insurance taxes. Revenues are reported as follows:

	2018		2017	
	Amount	Percentage	Amount	Percentage
<b>Program Revenues</b>				
Charges for Services	\$ 93,042	3.96%	\$ 117,820	5.36%
Operating Grants and Contributions	82,023	3.49%	89,290	4.06%
Capital Grants and Contributions	30,000	1.28%	-	0.00%
Total Program Revenues	205,065	8.73%	207,110	9.42%
<b>General Revenues</b>				
Property Taxes	1,220,479	51.91%	1,156,146	52.59%
Insurance Tax	794,747	33.80%	734,910	33.43%
Bank Franchise Tax	69,859	2.97%	65,639	2.99%
Cable Franchise Tax	28,945	1.23%	28,923	1.32%
Intergovernmental	242	0.01%	189	0.01%
Miscellaneous	24,490	1.04%	1,791	0.08%
Interest Income	6,951	0.30%	3,037	0.14%
Penalties & Interest	3,129	0.13%	2,410	0.11%
Gain (Loss) on Fixed Asset Disposition	(2,758)	-0.12%	(1,915)	-0.09%
Total General Revenues	2,146,084	91.27%	1,991,130	90.58%
Total Revenues	\$ 2,351,149	100.00%	\$ 2,198,240	100.00%

## Governmental Expenditures

Expenditures for the year ended June 30, 2018 were \$2,158,351 which represents an increase of \$148,431 over the previous fiscal year. Expenditures decreased mainly due to increased spending on public safety and public works. Expenditures are reported as follows:

	2018		2017	
	Amount	Percentage	Amount	Percentage
<b>Program Expenses:</b>				
General Government	\$ 530,717	24.59%	\$ 505,266	25.14%
Public Safety	227,057	10.52%	184,594	9.18%
Public Works	792,585	36.72%	724,685	36.06%
Sanitation	440,741	20.42%	440,960	21.94%
Community Development	12,015	0.56%	6,220	0.31%
Road Maintenance	155,236	7.19%	148,195	7.37%
Total Expenses	\$ 2,158,351	100.00%	\$ 2,009,920	100.00%

### Excess of Revenues over Expenditures

	<u>2018</u>	<u>2017</u>
Total Revenues	\$ 2,351,149	\$ 2,198,240
Total Expenses	<u>2,158,351</u>	<u>2,009,920</u>
Excess of Revenues Over Expenses	<u>\$ 192,798</u>	<u>\$ 188,320</u>

### Change in Net Position

	<u>2018</u>	<u>2017</u>
Beginning Net Position	\$ 3,542,680	\$ 3,354,360
Restatement of Prior Year Balances	(76,682)	-
Increase in Net Position	<u>192,798</u>	<u>188,320</u>
Ending Net Position	<u>\$ 3,658,796</u>	<u>\$ 3,542,680</u>

### FIXED ASSETS

For the year ended June 30, 2018, the City had \$3,186,303 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>
<b>Governmental Activities</b>				
Non-depreciable Assets:				
Land	\$ 481,207	\$ -	\$ -	\$ 481,207
Total non-depreciable assets	<u>481,207</u>	<u>-</u>	<u>-</u>	<u>481,207</u>
Depreciable Assets:				
Building and Improvements	696,135	32,900	-	729,035
Equipment	12,299	-	-	12,299
Infrastructure	<u>1,819,539</u>	<u>158,613</u>	<u>14,390</u>	<u>1,963,762</u>
Total depreciable assets	<u>2,527,973</u>	<u>191,513</u>	<u>14,390</u>	<u>2,705,096</u>
Total fixed assets	3,009,180	191,513	14,390	3,186,303
Accumulated Depreciation:				
Building and Improvements	54,758	28,093	-	82,851
Equipment	12,299	160,094	-	172,393
Infrastructure	<u>865,613</u>	<u>-</u>	<u>11,632</u>	<u>853,981</u>
Total accumulated depreciation	<u>932,670</u>	<u>188,187</u>	<u>11,632</u>	<u>1,109,225</u>
Governmental activities fixed assets, net	<u>\$ 2,076,510</u>	<u>\$ 3,326</u>	<u>\$ 2,758</u>	<u>\$ 2,077,078</u>

This year's major fixed asset additions were:

City Hall Parking Lot	\$ 32,900
Street Paving	<u>158,613</u>
	<u>\$ 191,513</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 H) and tables to be included as required supplementary information. The measurement date for the net pension liability is June 30, 2017.

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

	<b>As Reported in the Audit for the Fiscal</b>	
	<b>Year Ending June 30th:</b>	
	<u>2018</u>	<u>2017</u>
Pension Obligations	\$ 309,757	\$ 256,568
Deferred Outflows Related to Pensions	104,241	58,799
Deferred Inflows Related to Pensions	32,581	6,866

**OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This standard requires governmental entities to recognize certain financial statement amounts related to OPEB. In addition to the new financial statement items, there are also additional note disclosures (Note I) and tables to be included as required supplementary information. As this is a newly adopted standard and as the measurement date for the net OPEB obligation is June 30, 2017, certain information required by this standard is not currently available.

During this fiscal year, the obligations of the City as they relate to OPEB as reported to the City by the Kentucky Retirement System are as follows:

	<b>As Reported in the Audit for the Fiscal</b>	
	<b>Year Ending June 30th:</b>	
	<u>2018</u>	<u>2017</u>
Other Post Employment Benefit (OPEB) Obligation	\$ 106,387	\$ 83,447
Deferred Outflows Related to OPEB	30,617	not available
Deferred Inflows Related to OPEB	5,569	not available

**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, 2018, general fund revenues of \$2,275,306 were \$133,698 more than the \$2,141,608 budgeted. Revenue sources with a budget shortfall included property taxes and penalties and interest. For the year ended June 30, 2018, general fund expenditures of \$2,038,559 were \$360,874 less than the \$2,399,433 budgeted. The City exceeded budget in the area of public safety 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 calls for low to moderate growth over the upcoming fiscal year.

Revenues increased by \$152,909 over the previous fiscal year while expenses increased by \$148,431 over the same period. The excess of revenues over expenditures was \$192,798. The "bottom line" of the City of Hurstbourne, Kentucky continues to be strong with excess reserve funds and no debt.

The 2018-2019 budget calls for continued reinvestment in the City of Hurstbourne, Kentucky's assets including roads, sidewalks, irrigation systems, signage, lighting, and storm water drainage improvements. These projects should 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 which 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](mailto:info@hurstbourne.org)  
[www.hurstbourne.org](http://www.hurstbourne.org)

**CITY OF HURSTBOURNE, KENTUCKY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	Primary Government Governmental Activities
<b><u>ASSETS</u></b>	
Current Assets:	
Cash and Cash Equivalents	\$ 892,481
Cash and Cash Equivalents - restricted	258,437
Investments	494,912
Accounts Receivable (\$6,761 restricted)	235,389
Prepaid Expenses	46,120
Total Current Assets	1,927,339
Non-current Assets:	
Non-Depreciable Fixed Assets	481,207
Depreciable Fixed Assets, net	1,595,871
Total Non-current Assets	2,077,078
<b>Total Assets</b>	4,004,417
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Deferred Amounts Related to Pensions	104,241
Deferred Amounts Related to Other Post Employment Benefits	30,617
Total Deferred Outflows of Resources	134,858
<b>Total Assets and Deferred Outflows of Resources</b>	\$ 4,139,275
<b><u>LIABILITIES</u></b>	
Current Liabilities:	
Accounts Payable	\$ 19,068
Tenant Deposits	3,817
Total Current Liabilities	22,885
Long-Term Liabilities:	
Pension Obligation	309,757
Other Post Employment Benefit Obligation	106,387
Total Long-Term Liabilities	416,144
<b>Total Liabilities</b>	439,029
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Deferred Amounts Related to Unavailable Revenue	3,300
Deferred Amounts Related to Pensions	32,581
Deferred Amounts Related to Other Post Employment Benefits	5,569
Total Deferred Inflows of Resources	41,450
<b><u>NET POSITION</u></b>	
Net Investment in Capital Assets	2,077,078
Restricted for Roads	7,037
Unrestricted	1,574,681
<b>Total Net Position</b>	3,658,796
<b>Total Liabilities, Deferred Inflows or Resources, and Net Position</b>	\$ 4,139,275

See the accompanying notes to the financial statements.

**CITY OF HURSTBOURNE, KENTUCKY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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	\$ 530,717	\$ 88,292	\$ -	\$ -	\$ (442,425)
Public Safety	227,057	-	4,867	-	(222,190)
Public Works	792,585	4,750	-	30,000	(757,835)
Sanitation	440,741	-	-	-	(440,741)
Community Development	12,015	-	-	-	(12,015)
Road Maintenance	155,236	-	77,156	-	(78,080)
Total Governmental Activities	<u>2,158,351</u>	<u>93,042</u>	<u>82,023</u>	<u>30,000</u>	<u>(1,953,286)</u>
<b>Total Primary Government</b>	<b>\$ 2,158,351</b>	<b>\$ 93,042</b>	<b>\$ 82,023</b>	<b>\$ 30,000</b>	<b>\$ (1,953,286)</b>

Primary Government  
Governmental Activities

**Changes in Net Assets:**  
Net Expense \$ (1,953,286)

**General Revenues:**

Taxes:	
Property Taxes	\$ 1,220,479
Insurance Tax	794,747
Bank Franchise Tax	69,859
Cable Franchise Tax	28,945
Intergovernmental	242
Penalties & Interest	3,129
Interest Income	6,951
Gain (Loss) on Fixed Asset Disposition	(2,758)
Other Income	24,490
Total General Revenues	<u>2,146,084</u>
Change in Net Position	192,798
Net Position - July 1, 2017 - before restatement	3,542,680
Restatement of Prior Year Balances-OPEB	(76,682)
Adjustments (see Note M)	<u>3,465,998</u>
Net Position - July 1, 2017 - as restated	<u>\$ 3,658,796</u>

**Net Position - July 1, 2017 - before restatement**  
Restatement of Prior Year Balances-OPEB  
Adjustments (see Note M)  
**Net Position - July 1, 2017 - as restated**

**Net Position - June 30, 2018**

See the accompanying notes to the financial statements.



**CITY OF HURSTBOURNE, KENTUCKY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

GOVERNMENTAL FUND TYPES

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Government Funds</u>
<b>ASSETS</b>			
Cash	\$ 892,481	\$ -	\$ 892,481
Cash - restricted	258,161	276	258,437
Investments	494,912	-	494,912
Receivables	228,628	6,761	235,389
Prepaid Expenses	46,120	-	46,120
Total Assets	1,920,302	7,037	1,927,339
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	19,068	-	19,068
Tenant Deposits	3,817	-	3,817
Total Liabilities	22,885	-	22,885
Deferred Inflows of Resources:			
Unavailable Revenue	15,575	-	15,575
Total Deferred Inflows of Resources	15,575	-	15,575
Fund Balances:			
Nondspendable Fund Balances	46,120	-	46,120
Restricted Fund Balances	-	7,037	7,037
Committed Fund Balances	258,161	-	258,161
Assigned Fund Balances	265,905	-	265,905
Unassigned Fund Balances	1,311,656	-	1,311,656
Total Fund Balance	1,881,842	7,037	1,888,879
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,920,302	\$ 7,037	\$ 1,927,339

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, 2018**

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

Total Fund Balance - Governmental Funds	\$ 1,888,879
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.	12,275
Fixed assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$1,109,225.	2,077,078
Deferred outflows/inflows of resources related to pensions are not reported in the fund financial statements.	71,660
Deferred outflows/inflows of resources related to other post employment benefits are not reported in the fund financial statements.	25,048
Long-term obligations are not due and payable in the current period and therefore are not reported in the fund financial statements.	<u>(416,144)</u>
Net Position of Governmental Activities	<u><u>\$ 3,658,796</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, 2018**

	<u>GOVERNMENTAL FUND TYPES</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Totals Governmental Funds</u>
<b>REVENUE</b>			
Property Taxes	\$ 1,219,109	\$ -	\$ 1,219,109
Bank Franchise Tax	69,859	-	69,859
Cable Franchise Tax	28,945	-	28,945
Insurance Tax	794,747	-	794,747
Intergovernmental Grants	5,109	77,157	82,266
License and Permits	30,000	-	30,000
Charges for Services	34,412	-	34,412
Interest Income	58,555	-	58,555
Interest and Penalties	6,951	-	6,951
Other Income	3,129	-	3,129
Total Revenue	<u>24,490</u>	<u>-</u>	<u>24,490</u>
	2,275,306	77,157	2,352,463
<b>EXPENDITURES</b>			
General Government	464,506	-	464,506
Public Safety	227,057	-	227,057
Public Works	787,727	-	787,727
Sanitation	440,741	-	440,741
Community Development	12,015	-	12,015
Capital Outlay	106,513	85,000	191,513
Total Expenditures	<u>2,038,559</u>	<u>85,000</u>	<u>2,123,559</u>
Net Change in Fund Balances	236,747	(7,843)	228,904
Fund Balances - July 1, 2017	<u>1,645,095</u>	<u>14,880</u>	<u>1,659,975</u>
Fund Balances - June 30, 2018	<u>\$ 1,881,842</u>	<u>\$ 7,037</u>	<u>\$ 1,888,879</u>

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, 2018**

**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	\$	228,904
Amounts reported for governmental activities in the statement of activities are different because of the following:		
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		
		1,444
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 on the measurement date of the net pension liability which was June 30, 2017. Net increase in pension expense as reported in the government-wide financial statements		
		(33,463)
Other post employment benefit (OPEB) expense in the fund financial statements are based on amounts paid into the plan during the current fiscal year. OPEB expense in the government-wide financial statements are based on the measurement date of the net OPEB liability which was June 30, 2017. Net increase in pension expense as reported in the government-wide financial statements		
		(4,655)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital Outlays	\$ 191,513	
Depreciation expense	<u>(188,187)</u>	3,326
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. Reduction in proceeds for book value of assets sold		
		<u>(2,758)</u>
Change in Net Position of Governmental Activities	\$	<u><u>192,798</u></u>

See the accompanying notes to the financial statements.

**CITY OF HURSTBOURNE, KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**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, insurance 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, 2018. 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.).

**CITY OF HURSTBOURNE, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED**

*Basic Financial Statements – Continued*

Government-wide Financial Statements – Continued

The statement 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, 2018**

**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 has one such fund, the Municipal Road Aid Fund, which is used to account for state road funds that are allocated to the City by the State of Kentucky and it is considered 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, 2018**

**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, 2018**

**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
Buildings	30 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 (KRS) between the measurement date of the net pension liabilities/OPEB liabilities from those plans and the end of the City's fiscal year as well as other amounts related to pensions/OPEBs as reported to the City by KRS. 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 of amounts related to pensions/OPEBs as reported to the City by KRS; additionally, unavailable revenue from the advance receipt of revenues is reported as a deferred inflow as well. In the fund financial statements the unavailable revenue previously discussed is included here as well as one other 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 (\$12,275).

**CITY OF HURSTBOURNE, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED**

*Accounts Payable*

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

*Long-term Liabilities*

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide financial statements. Long-term liabilities consist solely of the City's share of the unfunded pension/OPEB liabilities 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.

**CITY OF HURSTBOURNE, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED**

***Equity Classifications – Continued***

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.

***Property Tax Revenue***

Property Tax Revenue is recognized when the bills become due and payable. Tax is assessed at a rate of .169 per \$100 valuations for real property based on the assessment by the Jefferson County Property Valuation Administrator.

The City assesses property taxes on January 1, and bills are due and payable by November 30th in the year assessed. Bills paid prior to August 31<sup>st</sup> are given a 5% discount. Bills paid from September 1<sup>st</sup> to November 30<sup>th</sup> are payable at the full face amount of the bill. All bills paid on or after December 1<sup>st</sup> are charged a 10% penalty and 1½% interest per month until collected. On bills collected after January 1<sup>st</sup> 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 1<sup>st</sup> of each year. Any payment received prior to December 31<sup>st</sup> will be allowed a 2% discount; bills paid before January 31<sup>st</sup> of the following year will not receive any discount nor be assessed any penalties. Bills paid after January 31<sup>st</sup> 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.

**CITY OF HURSTBOURNE, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED**

*Estimates*

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

**NOTE 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, 2018, \$1,996 of the government’s bank balance of \$1,792,973, including certificates of deposits shown as investments in the financial statements, was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,996
Uninsured and collateral held by pledging bank	300,020
Uninsured and collateral held by pledging bank's trust department not in City's name	-
	\$ 302,016

*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, 2018 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, 2018.

**CITY OF HURSTBOURNE, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018**

**NOTE C – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2018 consisted of the following:

<u>Receivable Type</u>	<u>Statement of</u> <u>Net Position</u>	<u>Balance Sheet - Governmental Funds</u>	
	<u>Governmental</u> <u>Activities</u>	<u>General</u> <u>Fund</u>	<u>Special Revenue</u> <u>Fund</u>
Property Tax	\$ 31,529	\$ 31,529	\$ -
Insurance Tax	193,496	193,496	-
Code Enforcement Fines	750	750	-
Base Court Revenue	1,304	1,304	-
Rents	895	895	-
Other Receivables	654	654	-
Municipal Road Aid	6,761	-	6,761
Total Receivables	<u>\$ 235,389</u>	<u>\$ 228,628</u>	<u>\$ 6,761</u>

**NOTE D – FIXED ASSETS**

Fixed asset activity for the year ended June 30, 2018, was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
<b>Governmental Activities</b>				
Non-depreciable Assets:				
Land	\$ 481,207	\$ -	\$ -	\$ 481,207
Total non-depreciable assets	<u>481,207</u>	<u>-</u>	<u>-</u>	<u>481,207</u>
Depreciable Assets:				
Building and Improvements	696,135	32,900	-	729,035
Equipment	12,299	-	-	12,299
Infrastructure	1,819,539	158,613	14,390	1,963,762
Total depreciable assets	<u>2,527,973</u>	<u>191,513</u>	<u>14,390</u>	<u>2,705,096</u>
Total fixed assets	<u>3,009,180</u>	<u>191,513</u>	<u>14,390</u>	<u>3,186,303</u>
Accumulated Depreciation:				
Building and Improvements	54,758	28,093	-	82,851
Equipment	12,299	160,094	-	172,393
Infrastructure	865,613	-	11,632	853,981
Total accumulated depreciation	<u>932,670</u>	<u>188,187</u>	<u>11,632</u>	<u>1,109,225</u>
Governmental activities fixed assets, net	<u>\$ 2,076,510</u>	<u>\$ 3,326</u>	<u>\$ 2,758</u>	<u>\$ 2,077,078</u>

**CITY OF HURSTBOURNE, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018**

**NOTE D – FIXED ASSETS - CONTINUED**

Depreciation expense of \$188,187 was allocated to the various functions on the statement of activities as follows:

General Government	\$ 28,093
Public Works	4,858
Road Maintenance	<u>155,236</u>
Total	<u>\$ 188,187</u>

**NOTE E – FUND BALANCES – GOVERNMENTAL FUNDS**

Classifications of fund balances at June 30, 2018 are as follows:

Classification	General Fund	Special Revenue Fund
Nonspendable:		
From prepaid items	\$ 46,120	\$ -
Restricted:		
By enabling legislation for roads	-	7,037
Committed:		
By action of the City Commission	258,161	-
Assigned:		
By passage of next year's budget	265,905	-
Unassigned	<u>1,311,656</u>	<u>-</u>
Total Fund Balances	<u>\$ 1,881,842</u>	<u>\$ 7,037</u>

**NOTE F – PROPERTY TAX REVENUE**

Property tax revenue is shown net of property tax discounts in the amount of \$56,132 and refunds of \$801.

**NOTE G – 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, 2018, the City was landlord in the following lease agreements:

**Suite 101:** One year lease commencing on February 1, 2017 and ending on January 31, 2019. 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, 2018 and ending on May 31, 2019. The agreement calls for the tenant to make an \$817 security deposit and then monthly rent payments of \$895 or a one-time payment of \$10,738.21

**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.

**CITY OF HURSTBOURNE, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018**

**NOTE G – OPERATING LEASES - CONTINUED**

Rental income in the amount of \$53,580 was recognized for the fiscal year ending June 30, 2018. Future payments to be received under these agreements for the years ending June 30<sup>th</sup> are as follows:

2019 \$26,308

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 \$729,035 (excluding land with a value of \$428,032) with accumulated depreciation of \$82,851 at June 30, 2018.

**NOTE H - 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 (KRS). 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) 696-8800, or at <https://kyret.ky.gov>. Detailed information about the plan's fiduciary net position can be found here.

**Plan Description**

CERS is a cost sharing, multiple employer defined benefit pension plan which covers substantially all regular full-time members in both non-hazardous and hazardous positions of each participating 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.

Cost of living adjustments (COLAs) are made at the discretion of the Kentucky General Assembly. In 2013 the General Assembly passed a new law to govern how COLAs will be granted. Language in that law states that COLAs will only be granted in the future if the KRS Board determines that the assets of the system are greater than 100% of the actuarial liabilities and legislation authorizes the use of surplus funds for the COLA; or the General Assembly fully prefunds the COLA or directs payments of funds in the year the COLA is provided. No COLA has been granted since July 1, 2011.

**Non-hazardous Contributions**

For the year ending June 30, 2018, all covered employees who began participating before September 1, 2008, Tier 1 members, 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, 2018, participating employers contributed 19.18% (allocated 14.48% for pension and 4.70% for insurance) 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.

**CITY OF HURSTBOURNE, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018**

**NOTE H - EMPLOYEE RETIREMENT SYSTEM - CONTINUED**

**Non-hazardous Contributions – Continued**

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, Tier 2 members, 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 Fund (see Kentucky Administrative Regulation 102 KAR 1:420E). Interest is paid each June 30<sup>th</sup> 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, Tier 3 members, 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 for non-hazardous members. The employer pay credit represents a portion of the employer contribution.

For the year ended June 30, 2018, the City contributed \$25,172, or 100% of the required contribution for non-hazardous members, which was allocated \$19,004 to the CERS pension fund and \$6,168 to the CERS insurance fund.

**Non-hazardous Benefits**

For retirement purposes, employees are grouped into three tiers based on hire date. Those tiers are as follows:

Tier 1	Participation Date	Before September 1, 2008
	Unreduced Retirement	27 years of service or 65 years old
	Benefit Amount	At least 4 years service, monthly benefit is 2% times final average compensation times years of service. Participation after 08/01/2004 the rate is 2.20%.  Less than 4 years of service monthly benefit is actuarial equivalent of 2 times member contributions plus interest. Final average compensation is based on member's highest 5 years of compensation.
	Reduced Retirement	At least 5 years of service and 55 years old or 25 years of service and any age.



**CITY OF HURSTBOURNE, KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018**

**NOTE H - EMPLOYEE RETIREMENT SYSTEM - CONTINUED**

**Non-hazardous Benefits – Continued**

For retirement purposes, employees are grouped into three tiers based on hire date. Those tiers are as follows:

Tier 2	Participation Date	September 1, 2008 to December 31, 2013
	Unreduced Retirement	At least 5 years of service and 65 years old or age 57+ with sum of service years plus age equal to 87+.
	Benefit Amount	Monthly benefit is based upon applicable benefit multiplier (based on years of service) time final average compensation times years of service.  Final compensation is based on member's last 5 years.
	Reduced Retirement	At least 10 years of service and 60 years old.
Tier 3	Participation Date	After December 31, 2013
	Unreduced Retirement	At least 5 years of service and 65 years old or age 57+ with sum of service years plus age equal to 87+.
	Benefit Amount	Each year member is active, a 4% employer pay credit along with the member's 5% contribution will be credited to the member's account. If the system's geometric average net investment return for the prior 5 years exceeds 4%, then the member's account will be credited with interest equal to 75% of the return in excess of 4%.  At retirement, the account balance may be converted into an annuity based on an actuarial factor.
	Reduced Retirement	Not applicable

Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement.

Death benefits after retirement are \$5,000 in lump sum and require 48 months of service and to be in receipt of retirement benefits. Pre-retirement death benefits require a minimum of 60 months of service, under the age of 55, and still working or at least 144 months of service if no longer actively working. The spouse of the deceased member will receive the member's retirement benefit calculated in the same manner as if the member had retired on the day of the member's death and elected a 100% joint and survivor benefit. The benefit is actuarially reduced if the member dies prior to their normal retirement age. In the case of a death in the line of duty only one month service credit is required for eligibility. The decedent's spouse will receive a \$10,000 lump sum payment plus a monthly payment of 25% of the deceased member's final monthly rate of pay. A spouse may also elect the non-line of duty death benefit. Each eligible dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children.

**CITY OF HURSTBOURNE, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018**

**NOTE H - EMPLOYEE RETIREMENT SYSTEM – CONTINUED**

**Non-hazardous Benefits - Continued**

Disability benefits require 60 months of service except in the case of line of duty disability in which case the requirement is waived.

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

**Pension Liabilities**

At June 30, 2018 the City recognized a liability of \$309,757 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, 2017, 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 (\$17,976 non-hazardous) relative to the total contributions of all participants in the non-hazardous retirement plan. At June 30, 2017 the City's share of the non-hazardous net pension liability was .005292% which an increase of .0081% from the figure of .005211% in the prior period.

**Pension Payable/Expense**

At June 30, 2018 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 2018

For the year ended June 30, 2018, the City recognized pension expense of \$52,466 for non-hazardous covered employees in the statement of activities.

**Deferred Outflows/Inflows of Resources**

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Non-Hazardous</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 384	\$ 7,863
Change of Assumptions	57,159	-
Net difference between projected and actual earnings on plan investments	24,532	20,701
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,162	4,017
City's contributions to the plan subsequent to the measurement date	19,004	-
Totals	<u>\$ 104,241</u>	<u>\$ 32,581</u>

**CITY OF HURSTBOURNE, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018**

**NOTE H - EMPLOYEE RETIREMENT SYSTEM – CONTINUED**

Deferred Outflows/Inflows of Resources - Continued

If the amounts serve to reduce pension expense in the future they are labeled as 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, 2018. Other amounts reported as deferred outflows / inflows will be recognized in pension expense as follows:

	<u>Non-Hazardous</u>
Year 1	\$ 22,399
Year 2	23,313
Year 3	10,921
Year 4	(3,977)
Year 5	-
Thereafter	-
Total	<u>\$ 52,656</u>

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary Increase	3.30% to 11.55%
Investment Rate of Return	6.25% net of pension plan investment expense

The mortality table used for pre-retirement members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For non-disabled 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 retired 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. These mortality assumptions assume a margin for future mortality improvement.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013. The total pension liability was rolled-forward from the valuation date (June 30, 2016) to the plan's fiscal year end, June 30, 2017. Subsequent to the actuarial valuation date, but prior to the measurement date, the KRS Board of Trustees adopted updated actuarial assumptions which were used in performing the actuarial valuation as of June 30, 2017.

**CITY OF HURSTBOURNE, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018**

**NOTE H - EMPLOYEE RETIREMENT SYSTEM - CONTINUED**

**Actuarial Assumptions - Continued**

The long-term expected return on system assets is reviewed as part of the regular experience studies prepared every five years. 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.

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>
US Equity	17.50%	5.97%
International Equity	17.50%	7.85%
Global Bonds	4.00%	2.63%
Global Credit	2.00%	3.63%
High Yield	7.00%	5.75%
Emerging Market Debt	5.00%	5.50%
Private Credit	10.00%	8.75%
Real Estate	5.00%	7.63%
Absolute Return	10.00%	5.63%
Real Return	10.00%	6.13%
Private Equity	10.00%	8.25%
Cash	2.00%	1.88%
Total	<u>100.00%</u>	<u>6.56%</u>

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

**CITY OF HURSTBOURNE, KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018**

**NOTE H - EMPLOYEE RETIREMENT SYSTEM – CONTINUED**

**Discount Rate**

The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26 year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period. The discount rate determination does not use a municipal bond rate.

The following table presents the City’s net pension liability, calculated using the discount rate of 6.25%, as well as what the liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.25%) and 1 percentage point higher (7.25%) than the current rate.

	<b>1% Decrease (5.25%)</b>	<b>Current Discount Rate (6.25%)</b>	<b>1% Increase (7.25%)</b>
Non-Hazardous	\$ 390,671	\$ 309,757	\$ 242,073

**NOTE I – POST-EMPLOYMENT BENEFITS**

The City, through its participation in CERS, also participates in the Kentucky Retirement Systems’ Insurance Fund (Insurance Fund) which was established to provide hospital and medical insurance for eligible members receiving benefits from various plans including CERS. Information on how to obtain information on this plan, such as the OPEB plan’s fiduciary net position, is more fully discussed in Note H.

**Plan Description**

CERS is a cost sharing, multiple employer defined benefit pension plan which covers substantially all regular full-time members in both non-hazardous and hazardous positions of each participating county, city, school board, and any additional eligible local agencies electing to participate in CERS. In addition to retirement benefits, the plan provides for health insurance benefits to plan members (other post-employment benefits or OPEB). OPEB benefits may be extended to beneficiaries of plan members under certain circumstances.

As more fully described in Note I, plan members contribute to CERS for non-hazardous and hazardous job classifications. For the year ending June 30, 2018 the employer’s contribution was 4.70% to the insurance trust for non-hazardous job classifications. The City had no employees classified as hazardous duty. Employees hired after September 1, 2008 were required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Per Kentucky Revised Statue 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

**CITY OF HURSTBOURNE, KENTUCKY  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018**

**NOTE I – POST-EMPLOYMENT BENEFITS - CONTINUED**

**Non-Hazardous Insurance Contributions**

year ended June 30, 2018, participating employers contributed 19.18% (allocated 14.48% for pension and 4.70% for insurance) 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.

For the year ended June 30, 2018, the City contributed \$25,172, or 100% of the required contribution for non-hazardous members, which was allocated \$6,168 to the CERS insurance fund and \$19,004 to the CERS pension fund.

**Non-Hazardous Insurance Benefits**

For insurance purposes, employees are grouped into three tiers based on hire date, those tiers are as follows:

Tier 1	Participation Date	Before July 1, 2003
	Benefit Eligibility	Recipient of a retirement allowance
	Benefit	Set percentage of single coverage health insurance based on service credit accrued at retirement.
	Duty Disability Retirement	100% of maximum contribution for member and dependents.
	Duty Death in Service	Spouse & children receive 100% of the maximum contribution.
Tier 2	Participation Date	After July 1, 2003 but before September 1, 2008
	Benefit Eligibility	Recipient of a retirement allowance with at least 120 months of service at retirement.
	Benefit	Monthly contribution of \$10 for each year of earned service increasing by 1.5% each July 1st (\$12.99 per year of service as of July 1, 2016) Surviving spouse may continue coverage (if in receipt of a retirement allowance) but is 100% responsible for premiums.
	Duty Disability Retirement	Benefit equal to 20 times the non-hazardous monthly contribution.
	Duty Death in Service	Spouse & children receive 20 times the non-hazardous monthly contribution.
Tier 3	Participation Date	On or after September 1, 2008
	Benefit Eligibility	Recipient of a retirement allowance with at least 180 months of service at retirement.
	Benefit	Same as tier 2

**CITY OF HURSTBOURNE, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018**

**NOTE I – POST-EMPLOYMENT BENEFITS - CONTINUED**

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

At June 30, 2018 the City recognized a liability of \$106,387 for its proportionate share of the CERS net OPEB liability related to non-hazardous duty employees. The City's net OPEB liability was measured as of June 30, 2017, as allowed by standards, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on the City's contributions to the OPEB plan (\$6,095 non-hazardous) relative to the total contributions of all participants in the non-hazardous retirement plan. At June 30, 2017 the City's share of the non-hazardous net OPEB liability was .005292%.

OPEB Payable/Expense

At June 30, 2018 the City had paid all of its obligations owed to Kentucky Retirement Systems for non-hazardous OPEB withholdings and the City's required matching contribution for the month of June 2018

For the year ended June 30, 2018, the City recognized OPEB expense of \$10,823 for non-hazardous covered employees in the statement of activities.

Deferred Outflows/Inflows of Resources

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Non-Hazardous</u>	
	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>
Differences between expected and actual experience	\$ -	\$ 295
Change of Assumptions	23,149	-
Net difference between projected and actual earnings on plan investments	-	5,028
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	246
City's contributions to the plan subsequent to the measurement date	<u>7,468</u>	<u>-</u>
Totals	<u>\$ 30,617</u>	<u>\$ 5,569</u>

If the amounts serve to reduce OPEB expense in the future they are labeled as deferred inflows. If they will increase OPEB expense they are labeled deferred outflows.

**CITY OF HURSTBOURNE, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018**

**NOTE I – POST-EMPLOYMENT BENEFITS - CONTINUED**

Deferred Outflows/Inflows of Resources – Continued

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 OPEB liability in the year ended June 30, 2018. This amount includes adjustments of \$1,300 for the non-hazardous implicit subsidy. Other amounts reported as deferred outflows / inflows will be recognized in OPEB expense as follows:

	<u>Non-Hazardous</u>
Year 1	\$ 3,024
Year 2	3,025
Year 3	3,024
Year 4	3,025
Year 5	4,282
Thereafter	1,200
Total	<u>\$ 17,580</u>

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary Increase	4.00%
Investment Rate of Return	6.25% net of pension plan investment expense
Healthcare Trend:	
	Pre-65: Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years.
	Post-65: Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years.

The mortality table used for pre-retirement members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For non-disabled 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 retired 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. These mortality assumptions assume a margin for future mortality improvement.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013. The total OPEB liability was rolled-forward from the valuation date (June 30, 2016) to the plan's fiscal year end, June 30, 2017. Subsequent to the actuarial valuation date, but prior to the measurement date, the KRS Board of Trustees adopted updated actuarial assumptions which were used in performing the actuarial valuation as of June 30, 2017.



**CITY OF HURSTBOURNE, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018**

**NOTE I – POST-EMPLOYMENT BENEFITS - CONTINUED**

**Actuarial Assumptions - Continued**

The long-term expected return on system assets is reviewed as part of the regular experience studies prepared every five years. 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.

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>
US Equity	17.50%	5.97%
International Equity	17.50%	7.85%
Global Bonds	4.00%	2.63%
Global Credit	2.00%	3.63%
High Yield	7.00%	5.75%
Emerging Market Debt	5.00%	5.50%
Private Credit	10.00%	8.75%
Real Estate	5.00%	7.63%
Absolute Return	10.00%	5.63%
Real Return	10.00%	6.13%
Private Equity	10.00%	8.25%
Cash	2.00%	1.88%
Total	<u>100.00%</u>	<u>6.56%</u>

**Discount Rate**

The discount rate used to measure the total OPEB liability was 5.84%. For the non-hazardous group, the single discount rate is based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 3.56% as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26 year amortization period of the unfunded actuarial accrued liability. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

**CITY OF HURSTBOURNE, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018**

**NOTE I – POST-EMPLOYMENT BENEFITS - CONTINUED**

**Discount Rate - Continued**

The following table presents the City's net OPEB liability, calculated using the discount rate of 5.84%, as well as what the liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.84%) and 1 percentage point higher (6.84%) than the current rate.

	<b>1% Decrease (4.84%)</b>	<b>Current Discount Rate (5.84%)</b>	<b>1% Increase (6.84%)</b>
Non-Hazardous	\$ 135,372	\$ 106,387	\$ 82,268

The following table presents the City's net OPEB liability, calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates.

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
Non-Hazardous	\$ 81,605	\$ 106,387	\$ 138,603

**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, 2018.

**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.

**CITY OF HURSTBOURNE, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018**

**NOTE M – IMPLEMENTATION OF GASB PRONOUNCEMENTS - CONTINUED**

*Pronouncements Scheduled to be Adopted in this Fiscal Year:*

***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 and is more fully discussed in Note I. This standard necessitated retroactive prior period adjustment to the City's financial statement in the amount of \$76,682 to record the opening OPEB liability. Restatement of prior year amounts impacted by this standard is not possible as amounts are derived from actuarial valuations performed for Kentucky Retirement System and they only provided figures for the year of implementation.

***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.

***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.

***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.

*Pronouncements Scheduled to be Adopted in Future Fiscal Years:*

***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 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.

**CITY OF HURSTBOURNE, KENTUCKY**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2018**

**NOTE M – IMPLEMENTATION OF GASB PRONOUNCEMENTS - CONTINUED**

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

**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.

**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.

**GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements**

The provisions of this statement are effective for fiscal years beginning after June 15, 2018 with earlier adoption encouraged. The objective of this standard is to improve information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, as well as clarifying which liabilities governments should include when disclosing information related to debt. The City is still determining the impact, if any, this statement will have on the financial statements.

**GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period**

The provisions of this statement are effective for fiscal years beginning after December 15, 2019 with earlier adoption encouraged. The objectives of this standard are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. At this time the City does not believe the provisions of this standard will have any impact on its financial statements.

**GASB Statement No. 90, Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61**

The provisions of this statement are effective for fiscal years beginning after December 15, 2018 with earlier adoption encouraged. The objective of this standard is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. 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**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<u>REVENUES</u>	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Total Actual</u>	<u>Variance</u>
Taxes:					
Property Taxes	\$ 1,236,308	\$ -	\$ 1,236,308	\$ 1,219,109	\$ (17,199)
Insurance Premium Tax	720,000	-	720,000	794,747	74,747
Bank Franchise	65,000	-	65,000	69,859	4,859
Cable Franchise	28,000	-	28,000	28,945	945
License and Permits:					
Sign Permits	7,000	-	7,000	6,716	(284)
Alcohol License Fee	16,000	-	16,000	15,501	(499)
Business License	8,500	-	8,500	11,700	3,200
Home Occupation Income	600	-	600	475	(125)
POD Income	-	-	-	20	20
Intergovernmental					
Base Court Revenue	-	-	-	4,867	4,867
Coal and Mineral Income	200	-	200	242	42
Grants	-	-	-	30,000	30,000
Charges for Services					
Rents	50,000	-	50,000	53,580	3,580
Tree Pilot Program	-	-	-	4,750	4,750
Weed Liens	-	-	-	225	225
Interest and Penalties	5,000	-	5,000	3,129	(1,871)
Other Income	2,000	-	2,000	24,490	22,490
Interest Income	3,000	-	3,000	6,951	3,951
Total Revenues Before Prior Year Fund Balance	<u>2,141,608</u>	<u>-</u>	<u>2,141,608</u>	<u>2,275,306</u>	<u>133,698</u>
Prior Year Fund Balance:					
Appropriated for Current Year Budget	<u>257,825</u>	<u>-</u>	<u>257,825</u>	<u>-</u>	<u>(257,825)</u>
Total Revenues and Prior Year Fund Balance	<u>2,399,433</u>	<u>-</u>	<u>2,399,433</u>	<u>2,275,306</u>	<u>(124,127)</u>
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>					
General Government:					
General and Administrative Expenditures					
General Government:					
City Attorney Retainer	22,000	-	22,000	24,755	(2,755)
Outside Counsel	2,000	-	2,000	4,500	(2,500)
Auditor	6,000	-	6,000	5,625	375
Financial Assistant	32,500	-	32,500	32,500	-
Recording Secretary	4,500	-	4,500	4,256	244
Advertising	5,000	-	5,000	907	4,093
Travel	1,000	-	1,000	-	1,000
Memberships and Training	3,500	-	3,500	2,574	926
Subscriptions	1,500	-	1,500	1,244	256
Refreshments	1,200	-	1,200	533	667

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, 2018**

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<b><u>EXPENDITURES AND ENCUMBRANCES - Continued</u></b>					
General Government: (Continued)					
General and Administrative Expenditures (Continued)					
General Government (Continued):					
Safety Deposit Box	200	-	200	155	45
Telephones	4,200	-	4,200	3,206	994
Published City Directory	-	-	-	8,205	(8,205)
PVA Assessment	38,000	-	38,000	37,229	771
Automotive	2,000	-	2,000	1,434	566
General Government Miscellaneous	10,000	-	10,000	5,805	4,195
200 Whittington - City Hall					
Gas and Electric	15,000	-	15,000	10,942	4,058
Water/Sewer	3,600	-	3,600	6,797	(3,197)
Cleaning Service	6,000	-	6,000	6,537	(537)
Building Maintenance	1,500	-	1,500	3,091	(1,591)
Building Materials/Supplies	1,000	-	1,000	298	702
Equipment Maintenance	1,500	-	1,500	122	1,378
Building Improvements	60,000	-	60,000	32,900	27,100
Dumpster - Sanitation	1,000	-	1,000	-	1,000
Furniture and Fixtures	1,000	-	1,000	-	1,000
Legal and Management Expense	2,000	-	2,000	-	2,000
Leasing Expense	5,000	-	5,000	200	4,800
Tenant Finish	10,000	-	10,000	350	9,650
Insurance - Property	5,000	-	5,000	5,021	(21)
City Hall Miscellaneous Expense	5,000	-	5,000	-	5,000
Office Supplies:					
Supplies	3,000	-	3,000	1,777	1,223
Office Equipment	2,000	-	2,000	419	1,581
Postage	6,000	-	6,000	5,327	673
Computer Equipment	2,000	-	2,000	311	1,689
Computer Software	2,000	-	2,000	185	1,815
Equipment Maintenance	2,500	-	2,500	712	1,788
Printing - Newsletter	6,000	-	6,000	9,819	(3,819)
Printing - Other	1,500	-	1,500	2,235	(735)
Web Page	1,200	-	1,200	767	433
Personnel:					
Salaries and Wages	173,133	-	173,133	173,559	(426)
Payroll Taxes - FICA	13,000	-	13,000	13,500	(500)

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, 2018**

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Total Actual</u>	<u>Variance</u>
<b><u>EXPENDITURES AND ENCUMBRANCES - Continued</u></b>					
General Government: (Continued)					
General and Administrative Expenditures (Continued)					
Personnel (Continued):					
Payroll Taxes Unemployment	1,000	-	1,000	-	1,000
Payroll Service	2,000	-	2,000	1,528	472
Retirement Contribution	25,100	-	25,100	25,172	(72)
Health Insurance	39,800	-	39,800	39,886	(86)
Dental Insurance	7,000	-	7,000	5,508	1,492
Insurance:					
Insurance/Liability	12,000	-	12,000	10,461	1,539
Insurance/Property	2,500	-	2,500	2,073	427
Bonding	5,500	-	5,500	4,248	1,252
Workers Compensation	1,000	-	1,000	733	267
Total General Government	<u>559,433</u>	<u>-</u>	<u>559,433</u>	<u>497,406</u>	<u>62,027</u>
Public Safety:					
Vehicle/Pedestrian Safety					
Police Patrols	72,000	-	72,000	77,700	(5,700)
Street Lighting - Electricity	128,000	-	128,000	132,998	(4,998)
Electrical Repairs - Improvements	3,000	-	3,000	-	3,000
Street Signs and Markings	3,000	-	3,000	4,634	(1,634)
Supplies and Promotions	1,000	-	1,000	-	1,000
General Public Safety					
Public Safety Miscellaneous	5,000	-	5,000	11,725	(6,725)
Total Public Safety	<u>212,000</u>	<u>-</u>	<u>212,000</u>	<u>227,057</u>	<u>(15,057)</u>
Public Works:					
General:					
Holiday Decorations	15,000	-	15,000	16,235	(1,235)
Public Works Miscellaneous	11,000	-	11,000	6,260	4,740
Landscaping:					
Landscaping Other	5,000	-	5,000	-	5,000
Horticulturalist	12,000	-	12,000	12,953	(953)
Contract Gardener	135,000	-	135,000	134,813	187

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, 2018**

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<b><u>EXPENDITURES AND ENCUMBRANCES - Continued</u></b>					
Public Works (Continued):					
Maintenance:					
Grass Cutting	110,000	-	110,000	101,646	8,354
Chemical Applications	30,000	-	30,000	45,042	(15,042)
Irrigation					
Annual Service Contract	30,000	-	30,000	14,004	15,996
System Replacement	60,000	-	60,000	58,868	1,132
Water	90,000	-	90,000	83,089	6,911
Electrician/Landscape	10,000	-	10,000	4,778	5,222
Other Maintenance	5,000	-	5,000	300	4,700
Special Projects:					
Entrance Improvements and Upgrades	50,000	-	50,000	4,975	45,025
Median Improvements	10,000	-	10,000	8,844	1,156
Bridle Path - Wimborne	2,000	-	2,000	-	2,000
City Park	2,000	-	2,000	-	2,000
Sidewalk Repair	85,000	-	85,000	86,258	(1,258)
Storm Water	100,000	-	100,000	-	100,000
Spring/Fall Planting:					
Flowers	25,000	-	25,000	18,707	6,293
Plant Replacements	20,000	-	20,000	23,066	(3,066)
Mulch	30,000	-	30,000	29,495	505
Tree Replacement	30,000	-	30,000	19,173	10,827
Tree Removal	25,000	-	25,000	17,762	7,238
Roads:					
City Engineer	45,000	-	45,000	29,406	15,594
Scheduled Maintenance-Resurfacing	75,000	-	75,000	88,324	(13,324)
Unscheduled Maintenance	10,000	-	10,000	3,260	6,740
Street Cleaning	2,000	-	2,000	-	2,000
Snow Removal	45,000	-	45,000	54,082	(9,082)
Total Public Works	<u>1,069,000</u>	<u>-</u>	<u>1,069,000</u>	<u>861,340</u>	<u>207,660</u>
Sanitation/Code Enforcement:					
Sanitation					
Residential Collection	440,000	-	440,000	440,411	(411)
Publications	1,000	-	1,000	-	1,000
Sanitation Miscellaneous	2,000	-	2,000	-	2,000
Code Enforcement					
Code Enforcement Miscellaneous	6,000	-	6,000	330	5,670
Total Sanitation/Code Enf	<u>449,000</u>	<u>-</u>	<u>449,000</u>	<u>440,741</u>	<u>8,259</u>

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, 2018**

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Total Actual</u>	<u>Variance</u>
<b><u>EXPENDITURES AND ENCUMBRANCES - Continued</u></b>					
Community Development					
Community Projects and Events					
Commission Special Projects	100,000	-	100,000	6,497	93,503
Community Outreach and Events	10,000	-	10,000	5,518	4,482
Total Community Develop.	<u>110,000</u>	<u>-</u>	<u>110,000</u>	<u>12,015</u>	<u>97,985</u>
 Total Expenditures	 <u>2,399,433</u>	 <u>-</u>	 <u>2,399,433</u>	 <u>2,038,559</u>	 <u>360,874</u>
 Net Change in Fund Balance	 -	 -	 -	 236,747	 236,747
 Fund Balance - July 1, 2017	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>1,645,095</u>	 <u>1,645,095</u>
 Fund Balance - June 30, 2018	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 1,881,842</u>	 <u>\$ 1,881,842</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, 2018**

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Total Actual</u>	<u>Variance</u>
<b><u>REVENUES</u></b>					
Municipal Road Aid:					
Intergovernmental Revenue	\$ 85,000	\$ -	\$ 85,000	\$ 77,157	\$ (7,843)
Total Revenues Before Prior Year Fund Balance	<u>85,000</u>	<u>-</u>	<u>85,000</u>	<u>77,157</u>	<u>(7,843)</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>85,000</u>	<u>-</u>	<u>85,000</u>	<u>77,157</u>	<u>(7,843)</u>
<b><u>EXPENDITURES AND ENCUMBRANCES</u></b>					
Municipal Road Aid:					
Street Paving and Repairs	85,000	-	85,000	85,000	-
Total Municipal Road Aid	<u>85,000</u>	<u>-</u>	<u>85,000</u>	<u>85,000</u>	<u>-</u>
Excess (Deficiency) of Revenue over Expenditures	-	-	-	(7,843)	(7,843)
Fund Balance - July 1, 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,880</u>	<u>14,880</u>
Fund Balance - June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,037</u>	<u>\$ 7,037</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, 2018**

***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 bases 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>
General Government:		
City Hall		
Building Improvements	\$ 32,900	\$ -
Roads:		
Scheduled Maintenance - Resurfacing	73,613	-
Roads		
Street Paving and Repairs	-	85,000
	<u>\$ 106,513</u>	<u>\$ 85,000</u>

***Stewardship***

Expenditures exceeded budget in the area of Public Safety by \$15,057 during this fiscal year.

**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, 2018**

<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>
<b>Non-Hazardous:</b>					
2018	Not Available	Not Available	\$ 131,240	Not Available	Not Available
2017	0.005292%	\$ 309,757	\$ 128,859	240.38%	53.32%
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
2012-2009	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 PENSION CONTRIBUTIONS TO THE COUNTY  
EMPLOYEES RETIREMENT SYSTEM  
FOR THE YEAR ENDED JUNE 30, 2018**

<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>
<b>Non-Hazardous:</b>					
2018	\$ 19,004	\$ 19,004	\$ -	\$ 131,240	14.48%
2017	\$ 17,976	\$ 17,976	\$ -	\$ 128,859	13.95%
2016	\$ 15,439	\$ 15,439	\$ -	\$ 124,308	12.42%
2015	\$ 16,263	\$ 16,263	\$ -	\$ 127,557	12.75%
2014	\$ 16,926	\$ 16,926	\$ -	\$ 123,184	13.74%
2013*	\$ 22,875	\$ 22,875	\$ -	\$ 117,008	19.55%
2012-2009	Not Available	Not Available	Not Available	Not Available	Not Available

\*For the year ending June 30, 2013 the contribution amount and percentage of covered payroll are the combined amounts contributed to both the pension trust and insurance fund. All other years presented provide figures for the pension trust alone.

*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, 2018**

**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. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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.

2017

- The assumed investment rate of return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- The payroll growth assumption was reduced from 4.00% to 2.00%
- The asset valuation method was changed from the 5 year smoothed method to 20% of the difference between the market value of assets and the expected actuarial value of assets.

**CITY OF HURSTBOURNE, KENTUCKY  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
ON PENSION REPORTING  
FOR THE YEAR ENDED JUNE 30, 2018**

**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.

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28 years
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized.
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, 2017 for reporting information to the City.

**CITY OF HURSTBOURNE, KENTUCKY  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB  
LIABILITY OF THE COUNTY EMPLOYEES RETIREMENT SYSTEM  
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Year Ended June 30th</u>	<u>City's proportion of the net OPEB liability</u>	<u>City's proportionate share of the net OPEB liability (asset)</u>	<u>City's covered employee payroll</u>	<u>City's share of the net OPEB liability (asset) as a percentage of its covered employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability</u>
<b>Non-Hazardous:</b>					
2018	Not Available	Not Available	\$ 131,240	Not Available	Not Available
2017	0.005292%	\$ 106,387	\$ 128,859	82.56%	52.39%
2016	Not Available	\$ 83,447	\$ 124,308	67.13%	Not Available
2015-2009	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 OPEB reporting.



**CITY OF HURSTBOURNE, KENTUCKY  
SCHEDULE OF THE CITY'S INSURANCE CONTRIBUTIONS TO THE COUNTY  
EMPLOYEES RETIREMENT SYSTEM  
FOR THE YEAR ENDED JUNE 30, 2018**

<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>
<b>Non-Hazardous :</b>					
2018	\$ 6,168	\$ 6,168	\$ -	\$ 131,240	4.70%
2017	\$ 6,095	\$ 6,095	\$ -	\$ 128,859	4.73%
2016	\$ 5,768	\$ 5,768	\$ -	\$ 124,308	4.64%
2012-2009	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 OPEB reporting.

**CITY OF HURSTBOURNE, KENTUCKY  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
ON OPEB REPORTING  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE A – ACCOUNTING POLICIES**

For purposes of determining net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEBs, OPEB 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. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NOTE B – CHANGES OF BENEFIT TERMS**

There were no changes in benefit terms during this period.

**NOTE C – CHANGES OF ASSUMPTIONS**

2017

- The assumed investment rate of return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.50% to 2.30%.
- Payroll growth assumption was reduced from 4.00% to 2.00%

**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.

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28 years
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30 percent
Salary increase	2.00% average including inflation
Investment rate of return	6.25%, net of pension plan investment expense, including inflation

Healthcare Trend Rates:

- Pre 65 – Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over 5 years.
- Post 65 – Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over 2 years.

**NOTE E – MEASUREMENT DATE**

As allowed by current audit standards, CERS has used a measurement date of June 30, 2017 for reporting information to the City.

**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***



# STEPHENS & LAWSON

Certified Public Accountants

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, 2018, 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 December 7, 2018.

### **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  
December 7, 2018

# Request for Taxpayer Identification Number and Certification

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

▶ Go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9) for instructions and the latest information.

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

**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.

<b>Social security number</b>									
or									
<b>Employer identification number</b>									
6	1	-	1	0	0	9	6	9	7

**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.

<b>Sign Here</b>	<p>Signature of U.S. person ▶ </p>	<p>Date ▶ <u>9.24.2019</u></p>
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## 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](http://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.*



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  
61-1009697 000000 00  
00021431  
BODC: TE

CITY OF HURSTBOURNE  
304 WHITTINGTON PKWY  
LOUISVILLE KY 40222

Federal Identification Number: 61-1009697  
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.

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# 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

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

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

Current Filings (KRS 81.045 to present date)

Date Filed	Type	Ordinance	Map Status	Notes
2019-05-23	Population Estimate			U. S. Census Bureau Population Estimate as of July 1, 2018: 4,403
2018-05-24	Population Estimate			U. S. Census Bureau Population Estimate as of July 1, 2017: 4,403
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	



Date Filed	Type	Ordinance	Map Status	Notes
1982-09-15	Incorporation	82-CI-00902	MAPPABLE	Jefferson Circuit Court Judgment

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Kentucky Unbridled Spirit

# City of Hurstbourne, Kentucky

## Vital Statistics

**Date of Incorporation:**

August 12, 1982

**Governmental Status:**

Fourth (4th) Class City within Jefferson County,  
Commonwealth of Kentucky

**Form of Government:**

Commission; Mayor and four Commissioners, all elected at large. Jointly responsible for all executive, legislative and administrative matters. (Most administrative matters are delegated to City staff).

**City Commission Meetings:**

Second Friday of every month, at the City Office,  
9117 Leesgate Road, 4:30 p.m.

**Staff:**

Full-time City Administrative Officer/City Clerk, City Treasurer, and Part-time Secretary/Receptionist. Attorney, Engineer and Treasurer are retained on contract; Volunteers.

**Tax Rate:**

For Fiscal Year Ending (FYE) 1996: \$0.182 per \$100.00

**City Budget:**

1 million plus reserves for capital improvements;  
Fiscal Year Calendar - July 1 to June 30

**Total Incorporated Area:**

1,145.86 acres

**Population:**

4,444 estimated as of October 1, 1996

**Housing:**

1150 single family dwellings  
50 units, town homes  
46 units, condominiums  
559 units, apartment complexes

**Public Streets:**

80 streets dedicated; approximately 18.38

**Commercial Property:**

50 structures

**Public Schools:**

One (1) elementary school; Lowe Elementary,  
a part of the Jefferson County Public School system.

**Churches:**

Four (4): Southern Baptist, Christian (Disciples of Christ),  
Latter Day Saints, Lutheran.

# City of Hurstbourne, Kentucky

## Vital Statistics

Date of Incorporation: August 12, 1982

Governmental Status: Fourth (4th) Class City within Jefferson County, Commonwealth of Kentucky

Form of Government: Commission; Mayor and four Commissioners, all elected at large. Jointly responsible for all executive, legislative and administrative matters. (Most administrative matters are delegated to City staff).

City Commission Meetings: Fourth Monday of every month, at the City Office, 9117 Leesgate Road, 4:30 p.m.

Staff: Full-time City Administrative Officer/City Clerk, City Accountant, and Part-time Secretary/Receptionist. Attorney, Engineer and Treasurer are retained on contract; Volunteers.

Tax Rate: For Fiscal Year Ending (FYE) 1996: \$0.182 per \$100.00 of assessed valuation.  
City Budget: 1 million plus reserves for capital improvements; Fiscal Year Calendar - July 1 to June 30

Total Incorporated Area: 1,145.86 acres

Population: 4,444 estimated as of October 1, 1996

Housing: 1150 single family dwellings  
50 units, town homes  
46 units, condominiums  
559 units, apartment complexes  
Total 1805

Public Streets: 80 streets dedicated; approximately 18.38 miles