

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


Applicant/Program: City of Hurstbourne Improvements Program
Applicant Requested Amount: 30,000
Appropriation Request Amount: 30,000

Executive Summary of Request

This project is Phase VI for the City of Hurstbourne Improvements Program than began in 2011. This phase will provide ramp and sidewalk improvements bringing the city into compliance with ADA regulations.

Is this program/project a fundraiser?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is this applicant a faith based organization?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does this application include funding for sub-grantee(s)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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.


 District # 18 Primary Sponsor Signature

30,000
 Amount

9-6-17
 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 Improvements Program

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 Improvements Program

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 Improvements Program

	Yes/No/NA
Is the NDF Transmittal Sheet Signed by all Council Member(s) Appropriating Funding?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Is the funding proposed by Council Member(s) less than or equal to the request amount?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Is the proposed public purpose of the program viable and well-documented?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Will all of the funding go to programs specific to Louisville/Jefferson County?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> NA
Has Council or Staff relationship to the Agency been adequately disclosed on the cover sheet?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Has prior Metro Funds committed/granted been disclosed?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Is the application properly signed and dated by authorized signatory?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Is proof of Tax Exempt status of 501(c) 3, 4, 6, 19, 1120-H included?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
If Metro funding is for a separate taxing district is the funding appropriated for a program outside the legal responsibility of that taxing district?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> NA
Is the entity in good standing with: <ul style="list-style-type: none"> ▶ Kentucky Secretary of State? ▶ Louisville Metro Revenue Commission? ▶ Louisville Metro Government? ▶ Internal Revenue Service? ▶ Louisville Metro Human Relations Commission? 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Is the current Fiscal Year Budget included?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Is the entity's board member list (with term length/term limits) included?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Is recommended funding less than 33% of total agency operating budget?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Does the application budget reflect only the revenue and expenses of the project/program?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> NA
Is the cost estimate(s) from proposed vendor (if request is for capital expense) included?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Is the most recent annual audit (if required by organization) included?	<input checked="" type="checkbox"/> N/A <input type="checkbox"/> Yes <input type="checkbox"/> No
Is a copy of Signed Lease (if rent costs are requested) included?	<input checked="" type="checkbox"/> N/A <input type="checkbox"/> Yes <input type="checkbox"/> No
Is the Supplemental Questionnaire for churches/religious organizations (if requesting organization is faith-based) included?	<input checked="" type="checkbox"/> N/A <input type="checkbox"/> Yes <input type="checkbox"/> No
Are the Articles of Incorporation of the Agency included?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Is the IRS Form W-9 included?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Is the IRS Form 990 included?	<input checked="" type="checkbox"/> N/A <input type="checkbox"/> Yes <input type="checkbox"/> No
Are the evaluation forms (if program participants are given evaluation forms) included?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Affirmative Action/Equal Employment Opportunity plan and/or policy statement included (if required to do so)?	<input checked="" type="checkbox"/> N/A <input type="checkbox"/> Yes <input type="checkbox"/> No
Has the Agency agreed to participate in the BBB Charity review program? If so, has the applicant met the BBB Charity Review Standards?	<input checked="" type="checkbox"/> N/A <input type="checkbox"/> Yes <input type="checkbox"/> No
Prepared by: Chris Lewis	Date: 9-6-17

LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

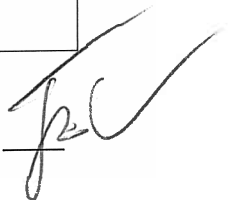
SECTION 1 – APPLICANT INFORMATION			
Legal Name of Applicant Organization: CITY OF HURSTBOURNE <i>(as listed on: http://www.sos.ky.gov/business/records)</i>			
Main Office Street & Mailing Address: 200 WHITTINGTON PARKWAY, STE 100, LOUISVILLE, KY 40222			
Website: www.hurstbourne.org			
Applicant Contact:	JIM LEIDGEN	Title:	CAO
Phone:	502.426.4808	Email:	jim@hurstbourne.org
Financial Contact:	TRISHA SIKKEMA	Title:	Financial Assistant
Phone:	502.426.4808	Email:	trisha@hurstbourne.org
Organization's Representative who attended NDF Training: <i>Trisha Sikkema</i>			
GEOGRAPHICAL AREA(S) WHERE PROGRAM ACTIVITIES ARE (WILL BE) PROVIDED			
Program Facility Location(s):	SEE ATTACHED LIST		
Council District(s):	18	Zip Code(s):	40222
SECTION 2 – PROGRAM REQUEST & FINANCIAL INFORMATION			
PROGRAM/PROJECT NAME: CITY OF HURSTBOURNE IMPROVEMENTS PROGRAM			
Total Request: (\$)	30,000	Total Metro Award (this program) in previous year: (\$)	10,000
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 Current financial statement Most recent IRS Form 990 or 1120-H Articles of Incorporation (current & signed) <input checked="" type="checkbox"/> Cost estimates from proposed vendor if request is for capital expense		Signed lease if rent costs are being requested <input checked="" type="checkbox"/> IRS Form W9 Evaluation forms if used in the proposed program <input checked="" type="checkbox"/> Annual audit (if required by organization) 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: (\$)	
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.

Handwritten signature or initials, possibly "JEC", written in black ink.

LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

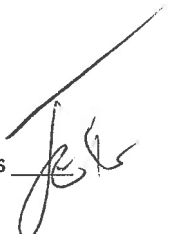
SECTION 4 - BOARD OF DIRECTORS AND PAID STAFF

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

Describe the Board term limit policy:

MAYOR - 4 YEARS
COMMISSIONERS - 2 YEARS

Three Highest Paid Staff Names	Annual Salary
JIM LEIDGEN	86,880
VICTORIA LEMKE	39,000



LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

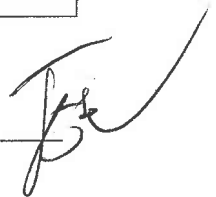
SECTION 5 – PROGRAM/PROJECT NARRATIVE

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.):

This project is Phase VI for the City of Hurstbourne Improvements Program that started in 2011 with inventories and evaluations. This phase will provide sidewalk and ramp improvements along Linn Station, Dennington, Hatherleigh, Wessex Place, Williamsburg Place and around the LDS church along Hurstbourne Parkway. We anticipate this project to be completed in the Fall of 2017 and will take approximately 90 days.

B: Describe specifically how the funding will be spent including identification of funding to sub grantee(s):

The funding will allow the City of Hurstbourne to construct handicap ramps and sidewalk improvements along Linn Station, Dennington, Hatherleigh, Wessex Place, Williamsburg Place and the LDS church along Hurstbourne Parkway. Phase VI engineer's estimate is \$84,000.00

A handwritten signature or set of initials, possibly "JL", written in black ink.

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.

JBL

LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

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

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

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

N/A

LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

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	54,000	87,000
L: Other Expenses (See Detailed List on Page 8)			
*TOTAL PROGRAM/PROJECT FUNDS			
% of Program Budget	%	%	100%

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

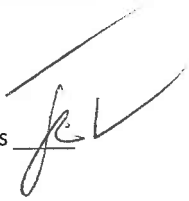
Other State, Federal or Local Government	
United Way	
Private Contributions (do not include individual donor names)	
Fees Collected from Program Participants	
Other (please specify)	54,000
Total Revenue for Columns 2 Expenses **	

*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			
Total			

Applicant's Initials 

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> <i>(to match Program Budget Line Item.</i> 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 1, 2017

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

If YES, please explain:

LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

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

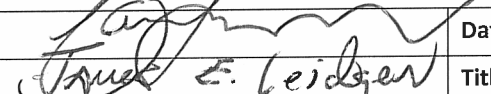
1. The Agency certifies it will not use Louisville Metro Government funds for any religious, political or fraternal Activities.
2. The Agency has a written Affirmative Action/Equal Opportunity Policy.
3. The Agency does not discriminate in employment or in provision of any service/program/activity/event 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.

No existing relationships

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:	7/13/17
Legal Signatory: (please print):	Janet E. Leiden	Title:	G.A.O.
Phone:	502-426-4808	Extension:	
Email:	jlin@houstonbovine.org		



Department of the Treasury
Internal Revenue Service

P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248230137

June 02, 2014 LTR 4076C 0

000000 00

00021431

BODC: TE

CITY OF HURSTBOURNE
304 WHITTINGTON PKWY
LOUISVILLE KY 40222

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

Dear Taxpayer:

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

GOVERNMENTAL UNITS

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

ENTITIES MEETING THE REQUIREMENTS OF SECTION 115(1)

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

TAX-EXEMPT CHARITABLE ORGANIZATIONS

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

CITY OF HURSTBOURNE, KENTUCKY

ORDINANCE NO. 17-04

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

WHEREAS, an annual budget proposal has been prepared and delivered to the City Commission; and

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

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

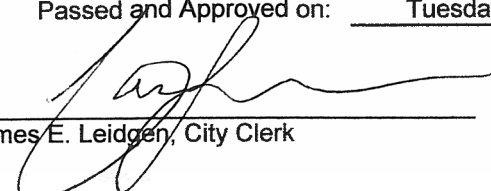
	<u>General Fund</u>	<u>Road Fund</u>	<u>TOTAL</u>
Resources Available:			
Prior Yr. Carry-Forward & Funds Appropriations	\$257,825	\$0	\$257,825
Estimated Revenues:			
State Road Fund		\$85,000	\$85,000
Property Taxes	\$1,288,308		\$1,288,308
Interest and Penalties	\$5,000		\$5,000
Insurance Premium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

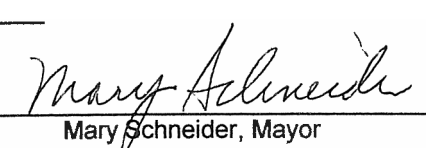
Section 2: This Ordinance shall take effect upon passage and publication.

First Reading held on: Tuesday, May 23, 2017

Passed and Approved on: Tuesday, June 20, 2017

ATTEST:


James E. Leidgen, City Clerk


Mary Schneider, Mayor

Request for Taxpayer Identification Number and Certification

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

Print or type
See Specific Instructions on page 2.

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

CITY OF HURSTBOURNE

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

3 Check appropriate box for federal tax classification; check only **one** of the following seven boxes:

☐ Individual/sole proprietor or
single-member LLC

☐ C Corporation

☐ S Corporation

☐ Partnership

☐ Trust/estate

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

Note. For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner.

☒ Other (see instructions) ▶

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

Exempt payee code (if any) _____

Exemption from FATCA reporting
code (if any) _____

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

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

200 WHITTINGTON PARKWAY, STE 100

6 City, state, and ZIP code

LOUISVILLE, KY 40222

Requester's name and address (optional)

7 List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

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

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

Social security number

____ - ____ - ____

or

Employer identification number

Part II Certification

Under penalties of perjury, I certify that:

1. 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
2. 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
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

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

Sign
Here

Signature of
U.S. person ▶

Date ▶ 9.13.2017

General Instructions

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

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

Purpose of Form

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

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

- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 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?* on page 2.

By signing the filled-out form, you:

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

Fiscal Year 2018 - Final ADA Streets Summary
City of Hurstbourne
Engineer's Estimated Costs

Addl Handicap Ramp/Major Sidewalk work:

Linn Station Road (Nottingham to Hurstbourne).....	\$ 12,000
Sidewalk Improvements around LDS Property	\$ 20,000
Dennington/Hatherleigh Handicap Ramps	\$ 12,000
Wessex Place & Williamsburg PL Handicap Ramps	\$ 15,000
Other Handicap Ramps/concrete replacement Precision Streets list.....	\$ 25,000

Total \$ 84,000



**CITY OF HURSTBOURNE, KENTUCKY
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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STEPHENS & LAWSON

Certified Public Accountants

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Hurstbourne, Kentucky, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Hurstbourne, Kentucky, as of June 30, 2016, 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.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules on pages 3 through 8 and 35 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2017, on our consideration of the City of Hurstbourne, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hurstbourne, Kentucky's internal control over financial reporting on compliance.

Stephens & Lawson, CPAs

Louisville, Kentucky
January 11, 2017

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, 2016. 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 decreased \$35,620 from the fiscal year ending June 30, 2015 to the fiscal year ending June 30, 2016. The most significant factor was:

- Decrease in Operating and Capital Grants of \$33,538.

Current significant revenues are:

- Property Tax collections were \$1,118,887.
- Insurance Premium Tax realized \$705,732.
- Bank Franchise Tax received was \$63,784.
- Operating Grants and Contributions were \$88,942.

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

REPORTING THE CITY AS A WHOLE - Continued

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

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

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

THE CITY AS A WHOLE

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

The total assets of the City increased by \$76,013 in fiscal year 2016 as compared to fiscal year 2015 and the total liabilities of the City increased by \$67,914 over the same period of time. This increase in liabilities is primarily attributable to the City's share of the unfunded pension liability of CERS.

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets	\$ 1,545,981	\$ 1,472,468
Non-Depreciable Fixed Assets	505,957	481,207
Depreciable Fixed Assets, Net of	<u>1,546,481</u>	<u>1,568,731</u>
Total Assets	\$ 3,598,419	\$ 3,522,406
Deferred Outflows of Resources		
Deferred Amounts Related to Pensions	\$ 45,723	\$ 22,539
Liabilities		
Current Liabilities	\$ 54,719	\$ 47,662
Long-Term Liabilities	<u>235,063</u>	<u>174,206</u>
Total Liabilities	\$ 289,782	\$ 221,868
Deferred Inflows of Resources		
Deferred Amounts Related to Pensions	\$ -	\$ 19,446
Net Position		
Invested in Fixed Assets	\$ 2,052,438	\$ 2,049,938
Restricted	9,993	22,234
Unrestricted	<u>1,291,929</u>	<u>1,231,459</u>
Total Net Position	\$ 3,354,360	\$ 3,303,631

Governmental Revenues

The City's primary sources of revenues in this fiscal year continued to be property taxes and insurance taxes. These two sources comprise 86.75% and 84.84% of the total revenue collected in the fiscal years ending 2016 and 2015 respectively. Total revenues for the year ended June 30, 2016 were \$2,103,256 which is a decrease of \$35,620 over the previous fiscal year. This decrease is due mainly to a decrease in operating and capital grants and contributions. Revenues are reported as follows:

	2016		2015	
	Amount	Percentage	Amount	Percentage
Program Revenues				
Charges for Services	\$ 77,329	3.68%	\$ 72,945	3.41%
Operating Grants and Contributions	88,942	4.23%	106,480	4.98%
Capital Grants and Contributions	10,000	0.48%	26,000	1.21%
Total Program Revenues	176,271	8.39%	205,425	9.60%
General Revenues				
Property Taxes	1,118,887	53.20%	1,114,691	52.12%
Insurance Tax	705,732	33.55%	699,748	32.72%
Bank Franchise Tax	63,784	3.03%	65,956	3.08%
Cable Franchise Tax	28,925	1.38%	28,926	1.35%
Intergovernmental	233	0.01%	206	0.01%
Miscellaneous	60	0.00%	4,959	0.23%
Interest Income	2,714	0.13%	2,971	0.14%
Penalties & Interest	5,510	0.26%	4,439	0.21%
Insurance Reimbursements	1,140	0.05%	11,555	0.54%
Total General Revenues	1,926,985	91.61%	1,933,451	90.40%
Total Revenues	\$ 2,103,256	100.00%	\$ 2,138,876	100.00%

Governmental Expenditures

Expenditures for the year ended June 30, 2016 were \$2,046,253 which represents a decrease of \$6,779 over the previous fiscal year. Expenditures decreased mainly due to decreased spending on public works and public safety. Expenditures are reported as follows:

	2016		2015	
	Amount	Percentage	Amount	Percentage
Program Expenses:				
General Government	\$ 512,053	25.02%	\$ 473,516	23.06%
Public Safety	171,654	8.39%	186,780	9.10%
Public Works	757,068	37.00%	830,317	40.44%
Sanitation	442,398	21.62%	420,921	20.50%
Community Development	18,895	0.92%	-	6.90%
Road Maintenance	144,185	7.05%	141,498	6.89%
Total Expenses	\$ 2,046,253	100.00%	\$ 2,053,032	100.00%

Excess of Revenues over Expenditures

	2016	2015
Total Revenues	\$ 2,103,256	\$ 2,138,876
Total Expenses	2,046,253	2,053,032
Excess of Revenues Over Expenses	<u>\$ 57,003</u>	<u>\$ 85,844</u>

Change in Net Position

	2016	2015
Beginning Net Position	\$ 3,303,631	\$ 3,391,635
Restatement of Prior Year Balances	-	(173,848)
Prior Period Adjustment	(6,274)	(173,848)
Increase in Net Position	57,003	85,844
Ending Net Position	<u>\$ 3,354,360</u>	<u>\$ 3,129,783</u>

FIXED ASSETS

For the year ended June 30, 2016, the City had \$2,849,807 invested in fixed assets including land, vehicles, equipment and infrastructure. A schedule of the changes in fixed assets during this fiscal year is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities				
Non-depreciable Assets:				
Land	\$ 481,207	\$ -	\$ -	\$ 481,207
Construction In Progress	-	24,750	-	24,750
Total non-depreciable assets	<u>481,207</u>	<u>24,750</u>	<u>-</u>	<u>505,957</u>
Depreciable Assets:				
Building and Improvements	655,689	40,446	-	696,135
Vehicles	18,165	-	18,165	-
Equipment	12,299	-	-	12,299
Infrastructure	1,528,129	107,287	-	1,635,416
Total depreciable assets	<u>2,214,282</u>	<u>147,733</u>	<u>18,165</u>	<u>2,343,850</u>
Total fixed assets	<u>2,695,489</u>	<u>172,483</u>	<u>18,165</u>	<u>2,849,807</u>
Accumulated Depreciation:				
Building and Improvements	5,464	23,394	-	28,858
Vehicles	18,165	-	18,165	-
Equipment	12,299	-	-	12,299
Infrastructure	609,623	146,589	-	756,212
Total accumulated depreciation	<u>645,551</u>	<u>169,983</u>	<u>18,165</u>	<u>797,369</u>
Governmental activities fixed assets, net	<u>\$ 2,049,938</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 2,052,438</u>

This year's major fixed asset additions were:

Building Improvements	\$ 40,446
Sidewalk	5,641
Paving	101,646
	<u>\$ 147,733</u>

DEBT

For the year ended June 30, 2016, the City had \$174,206 in outstanding long-term obligations. A schedule of the changes in debt during this fiscal year is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Pension Obligation	<u>\$ 174,206</u>	<u>\$ 60,857</u>	<u>\$ -</u>	<u>\$ 235,063</u>	<u>\$ -</u>

PENSIONS

As noted in the prior year audit, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Those standards require governmental entities to recognize certain financial statements amounts related to pensions. In addition to these new financial statement items, there are also new note disclosure requirements (Note I) and tables to be included as required supplementary information. The measurement date for the net pension liability is June 30, 2015.

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

	As Reported in the Audt for the Fiscal Year Ending June 30th:	
	2016	2015
Pension Obligations	\$ 235,063	\$ 174,206
Deferred Outflows Related to Pensions	45,723	22,539
Deferred Inflows Related to Pensions	-	19,446

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, 2016, general fund revenues of \$2,019,432 were \$1,932 more than the \$2,017,500 budgeted. Revenue sources with a budget shortfall included property taxes, rental income, and other income. For the year ended June 30, 2016, general fund expenditures of \$1,940,801 were \$259,699 less than the \$2,200,500 budgeted. The City did not exceed budget in any department during this fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Property tax revenues are expected to increase due to city-wide updated reassessments of the values of residential properties and increased values in commercial properties due to recent developments. The economic outlook should improve for the upcoming fiscal year.

Expenses decreased by \$6,779 from the previous fiscal year with most of that occurring within Public Works and Public Safety. The "bottom line" of the City of Hurstbourne, Kentucky continues to be strong with excess reserve funds and no debt.

The 2016-2017 budget calls for continued reinvestment in the City of Hurstbourne, Kentucky's infrastructure and other fixed assets including the recently acquired City Hall. Road resurfacing, gateway entrance improvements, sidewalk improvements, tree canopy replacements, upgrades to the aging irrigation systems, and storm water drainage improvement should represent the bulk of non-maintenance expenses for the upcoming fiscal year. Funding of these projects shall come from budgeted expenses and grant proceeds.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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

CITY OF HURSTBOURNE, KENTUCKY
STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government
	Governmental Activities
<u>ASSETS</u>	
Current Assets:	
Cash and Cash Equivalents (\$2,280 restricted)	\$ 614,831
Investments	735,000
Accounts Receivable (\$7,713 restricted)	188,695
Prepaid Expenses	7,455
Total Current Assets	<u>1,545,981</u>
Non-current Assets:	
Non-Depreciable Fixed Assets	505,957
Depreciable Fixed Assets, net	<u>1,546,481</u>
Total Non-current Assets	<u>2,052,438</u>
Total Assets	3,598,419
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Amounts Related to Pensions	<u>45,723</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 3,644,142</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 15,094
Rents Collected in Advance	15,283
Tenant Deposits	3,817
Construction Deposits	<u>20,525</u>
Total Current Liabilities	<u>54,719</u>
Long-Term Liabilities:	
Pension Obligation	<u>235,063</u>
Total Liabilities	289,782
<u>NET POSITION</u>	
Net Investment in Capital Assets	2,052,438
Restricted for Roads	9,993
Unrestricted	<u>1,291,929</u>
Total Net Position	<u>3,354,360</u>
Total Liabilities and Net Position	<u>\$ 3,644,142</u>

See the accompanying notes to the financial statements.

CITY OF HURSTBOURNE, KENTUCKY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Net (Expense) Revenue</u>
Primary Government:					
Governmental Activities:					
General Government	\$ 512,053	\$ 77,329	\$ -	\$ -	\$ (434,724)
Public Safety	171,654	-	5,183	-	(166,471)
Public Works	757,068	-	-	10,000	(747,068)
Sanitation	442,398	-	-	-	(442,398)
Community Development	18,895	-	-	-	(18,895)
Road Maintenance	144,185	-	83,759	-	(60,426)
Total Governmental Activities	2,046,253	77,329	88,942	10,000	(1,869,982)
Total Primary Government	\$ 2,046,253	\$ 77,329	\$ 88,942	\$ 10,000	\$ (1,869,982)

Primary Government	
Governmental Activities	

Changes in Net Assets:
Net Expense

\$ (1,869,982)

General Revenues:

Taxes:

Property Taxes	\$ 1,118,887
Insurance Tax	705,732
Bank Franchise Tax	63,784
Cable Franchise Tax	28,925
Intergovernmental	233
Penalties & Interest	5,510
Interest Income	2,714
Sale of Surplus Property	1,140
Other Income	60
Total General Revenues	<u>1,926,985</u>

Change in Net Position

57,003

Net Position - July 1, 2015

Prior Period Adjustment

3,303,631
(6,274)

Net Position - June 30, 2016

\$ 3,354,360

See the accompanying notes to the financial statements.

CITY OF HURSTBOURNE, KENTUCKY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

GOVERNMENTAL FUND TYPES

	General Fund	Special Revenue Fund	Total Government Funds
ASSETS			
Cash	\$ 612,551	\$ 2,280	\$ 614,831
Investments	735,000	-	735,000
Receivables	180,982	7,713	188,695
Prepaid Expenses	7,455	-	7,455
Total Assets	<u>1,535,988</u>	<u>9,993</u>	<u>1,545,981</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts Payable	15,094	-	15,094
Rents Collected in Advance	15,283	-	15,283
Tenant Deposits	3,817	-	3,817
Construction Deposits	20,525	-	20,525
Total Liabilities	<u>54,719</u>	<u>-</u>	<u>54,719</u>
Deferred Inflows of Resources:			
Unavailable Revenue	8,040	-	8,040
Total Deferred Inflows of Resources	<u>8,040</u>	<u>-</u>	<u>8,040</u>
Fund Balances:			
Nonspendable Fund Balances	7,455	-	7,455
Restricted Fund Balances	-	9,993	9,993
Assigned Fund Balances	255,000	-	255,000
Unassigned Fund Balances	1,210,774	-	1,210,774
Total Fund Balance	<u>1,473,229</u>	<u>9,993</u>	<u>1,483,222</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,535,988</u>	<u>\$ 9,993</u>	<u>\$ 1,545,981</u>

See the accompanying notes to the financial statements.

CITY OF HURSTBOURNE, KENTUCKY
RECONCILIATION OF TOTAL FUND BALANCE - GOVERNMENTAL FUNDS TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2016

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

Total Fund Balance - Governmental Funds	\$ 1,483,222
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.	8,040
Fixed assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$797,369.	2,052,438
Deferred outflows/inflows of resources related to pensions are not reported in the fund financial statements.	45,723
Long-term obligations are not due and payable in the current period and therefore are not reported in the fund financial statements.	<u>(235,063)</u>
Net Position of Governmental Activities	<u><u>\$ 3,354,360</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, 2016

	<u>GOVERNMENTAL FUND TYPES</u>		
	General Fund	Special Revenue Fund	Totals Governmental Funds
REVENUE			
Property Taxes	\$ 1,119,961	\$ -	\$ 1,119,961
Bank Franchise Tax	63,784	-	63,784
Cable Franchise Tax	28,925	-	28,925
Insurance Tax	705,732	-	705,732
Intergovernmental	5,416	83,759	89,175
License and Permits	34,146	-	34,146
Grants	10,000	-	10,000
Charges for Services	43,184	-	43,184
Interest Income	2,714	-	2,714
Penalties & Interest	5,510	-	5,510
Other Income	60	-	60
Total Revenue	<u>2,019,432</u>	<u>83,759</u>	<u>2,103,191</u>
EXPENDITURES			
General Government	476,706	-	476,706
Public Safety	171,654	-	171,654
Public Works	754,664	-	754,664
Sanitation	442,398	-	442,398
Community Development	18,895	-	18,895
Capital Outlay	76,484	96,000	172,484
Total Expenditures	<u>1,940,801</u>	<u>96,000</u>	<u>2,036,801</u>
Excess (Deficiency) of Revenue over Expenditures	78,631	(12,241)	66,390
OTHER FINANCING SOURCES (USES):			
Sale of Surplus Property	1,140	-	1,140
Total Other Financing Sources (Uses)	<u>1,140</u>	<u>-</u>	<u>1,140</u>
Net Change in Fund Balances	79,771	(12,241)	67,530
Fund Balances - July 1, 2015	<u>1,393,458</u>	<u>22,234</u>	<u>1,415,692</u>
Fund Balances - June 30, 2016	<u>\$ 1,473,229</u>	<u>\$ 9,993</u>	<u>\$ 1,483,222</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, 2016

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	\$	67,530
Amounts reported for governmental activities in the statement of activities are different because of the following:		
Some property taxes 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 tax revenues decreased by this amount this year		(1,074)
Pension expense in the fund financial statements are based on amounts paid into the retirement plan during the current fiscal year. Pension expense in the government-wide financial statements are based based on the measurement date of the net pension liability which was June 30, 2015. Net increase in pension expense as reported in the government-wide financial statements		(11,953)
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	\$ 172,483	
Depreciation expense	<u>(169,983)</u>	<u>2,500</u>
Change in Net Position of Governmental Activities	\$	<u><u>57,003</u></u>

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Hurstbourne, Kentucky (the City) is a home rule city with a population in excess of 4,000 located in Jefferson County, Kentucky. It operates under an elected mayor-commission form of government. The City provides the following services authorized by its charter: public safety, public works, recreation, and community development. Primary revenue sources are property taxes, municipal road aid, and insurance taxes. Those revenues susceptible to accrual are property taxes, franchise taxes, and municipal road aid.

All significant activities and organizations on which the City of Hurstbourne, Kentucky exercises oversight responsibility have been included in the City's financial statements, for the year ended June 30, 2016. 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 columns is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

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

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Basic Financial Statements – Continued

Government-wide Financial Statements – Continued

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

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

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

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

Fund Financial Statements:

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

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

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

The funds of the financial reporting entity are described below:

Governmental Type Funds

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

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Basic Financial Statements – Continued

Fund Financial Statements – Continued

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

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The City accounts for state road funds in the special revenue fund and considered it to be a major fund.

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

Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

Basis of Accounting

In the government-wide statement of net position and the statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

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, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Fixed Assets - Continued

Prior to June 30, 2003, governmental funds' infrastructure assets were not required to be capitalized by the City nor were these assets capitalized by the City. Starting on July 1, 2004 the City is required to keep a record of all infrastructure assets placed in service from that date forward.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful life using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

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

Due to and Due From Other Funds

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

Deferred Outflow/Inflow of Resources

Deferred Outflows:

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

Deferred Inflows:

The City reports increases in net position/fund balances that related to future periods as deferred inflows of resources in a separate section of its government-wide statement of net position / fund financials balance sheet – governmental funds. No deferred inflows of resources are reported in the government-wide financial statements. The City has only one type of item which occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly deferred property taxes are reported in the fund financials balance sheet – governmental funds as unavailable revenue.

Accounts Payable

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

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Long-term Debt

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

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

Equity Classifications

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

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

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Property Tax Revenue

Property Tax Revenue is recognized when the bills become due and payable. Tax is assessed at a rate of .185 per \$100 valuations for real property based on the assessment by the Property Valuation Office.

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

Bank Franchise and Local Deposit Tax

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

Business License

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

Expenditures/Expenses

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

Compensated Absences

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

Estimates

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

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

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. This City considers this risk immaterial and as of June 30, 2016, \$1,929 of the government's bank balance of \$1,484,774, including certificates of deposits shown as investments in the financial statements, was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,929
Uninsured and collateral held by pledging bank	-
Uninsured and collateral held by pledging bank's trust department not in City's name	-
	<u>\$ 1,929</u>

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, 2016 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, 2016.

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE C – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016 consisted of the following:

Receivable Type	Statement of Net Position	Balance Sheet - Governmental Funds	
	Governmental Activities	General Fund	Special Revenue Fund
Property Tax	\$ 8,555	\$ 8,555	\$ -
Insurance Tax	169,976	169,976	-
Code Enforcement Fines	625	625	-
Penalties and Interest	93	93	-
Base Court Revenue	1,575	1,575	-
Other Receivables	158	158	-
Municipal Road Aid	7,713	-	7,713
Total Receivables	<u>\$ 188,695</u>	<u>\$ 180,982</u>	<u>\$ 7,713</u>

NOTE D – FIXED ASSETS

Fixed asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities				
Non-depreciable Assets:				
Land	\$ 481,207	\$ -	\$ -	\$ 481,207
Construction In Progress	-	24,750	-	24,750
Total non-depreciable assets	<u>481,207</u>	<u>24,750</u>	<u>-</u>	<u>505,957</u>
Depreciable Assets:				
Building and Improvements	655,689	40,446	-	696,135
Vehicles	18,165	-	18,165	-
Equipment	12,299	-	-	12,299
Infrastructure	1,528,129	107,287	-	1,635,416
Total depreciable assets	<u>2,214,282</u>	<u>147,733</u>	<u>18,165</u>	<u>2,343,850</u>
Total fixed assets	<u>2,695,489</u>	<u>172,483</u>	<u>18,165</u>	<u>2,849,807</u>
Accumulated Depreciation:				
Building and Improvements	5,464	23,394	-	28,858
Vehicles	18,165	-	18,165	-
Equipment	12,299	-	-	12,299
Infrastructure	609,623	146,589	-	756,212
Total accumulated depreciation	<u>645,551</u>	<u>169,983</u>	<u>18,165</u>	<u>797,369</u>
Governmental activities fixed assets, net	<u>\$ 2,049,938</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 2,052,438</u>

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE D – FIXED ASSETS - CONTINUED

Depreciation expense of \$169,983 was allocated to the various functions on the statement of activities as follows:

General Government	\$ 23,394
Public Works	2,404
Road Maintenance	144,185
Total	<u>\$ 169,983</u>

NOTE E – LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Pension Obligation	<u>\$ 174,206</u>	<u>\$ 60,857</u>	<u>\$ -</u>	<u>\$ 235,063</u>	<u>\$ -</u>

Pension Obligation:

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

NOTE F – FUND BALANCES – GOVERNMENTAL FUNDS

Classifications of fund balances at June 30, 2016 are as follows:

Classification	General Fund	Special Revenue Fund
Nonspendable:		
From prepaid items	\$ 7,455	\$ -
Restricted:		
By enabling legislation for roads	-	9,993
Assigned:		
By passage of next year's budget	255,000	-
Unassigned	1,210,774	-
Total Fund Balances	<u>\$ 1,473,229</u>	<u>\$ 9,993</u>

NOTE G – PROPERTY TAX REVENUE

Property tax revenue is shown net of property tax discounts in the amount of \$54,313 and refunds of \$733.

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE H – OPERATING LEASES

Rental Income

The City leases office space in the building it purchased in April 2015 to serve as City Hall. Excluding the portion of the building used by the City, there are 3 other separate office spaces that can be rented. At June 30, 2016, the City was landlord in the following lease agreements:

Suite 101: One year lease commencing on February 1, 2016 and ending on January 31, 2017. The agreement calls for the tenant to make a \$900 security deposit and then monthly rent payments of \$900.

Suite 202: One year lease commencing on June 1, 2016 and ending on May 31, 2017. The agreement calls for the tenant to make an \$816 security deposit and then 1 annual rent payment of \$9,800 on or before June 1, 2016.

Suite 205: Two year lease commencing on November 1, 2014 and ending on October 31, 2016. The agreement calls for the tenant to make a \$2,100 security deposit and then monthly rent payments of \$2,100.

Rental income in the amount of \$41,849 was recognized for the fiscal year ending June 30, 2016. Future payments to be received under these agreements for the years ending June 30th are as follows:

2017 \$14,700

The total cost of the property acquired by the City for use as city hall, as well as the additional office space that is rented out, and subsequent improvements was \$696,135 (excluding land with a value of \$428,032) with accumulated depreciation of \$28,858 at June 30, 2016.

Rental Expense

In October 2003, the City entered into an agreement to lease office space for use as City Hall. The term of the original lease was 84 months that commenced on December 1, 2003 and expired on November 30, 2010. The original lease had an option for one renewal period of 5 years with written notification 180 days prior to the expiration of the original term. The City exercised its option and entered into another lease agreement that allowed it to remain at its prior location. The new agreement commenced on December 1, 2010 and expired on November 13, 2015. Monthly payments for the first 36 months were the same at \$3,182, the payments for the last 24 months were \$3,382. The City relocated its offices as described above when this lease expired.

Expense recognized under this agreement totaled \$16,909 for the fiscal year ending June 30, 2016.

NOTE I - EMPLOYEE RETIREMENT SYSTEM

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

The plan issues separate financial statements, which may be obtained by request from Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601.

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE I - EMPLOYEE RETIREMENT SYSTEM - CONTINUED

Plan Description

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

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

Non-hazardous Benefits

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

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

Non-hazardous Contributions

For the year ending June 30, 2016, all covered employees who began participating before September 1, 2008, are required to contribute 5 percent of their annual creditable compensation to the plan. Participating employers are required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. For the year ended June 30, 2016, participating employers contributed 17.06% 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, 2016

NOTE I - 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 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 30th on covered employees' accounts at a rate of 2.5%. If a covered employee terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited. For plan members who began participating prior to September 1, 2008, their contributions remain at 5% of the annual creditable compensation.

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

Contributions to the non-hazardous pension plan from the City were \$21,207 for the year ended June 30, 2016.

General Information about Insurance Benefits

Plan Description

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

Insurance Benefits

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

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

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE I - EMPLOYEE RETIREMENT SYSTEM – CONTINUED

Insurance Benefits - Continued

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on or after July 1, 2003, earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, such employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment (COLA), which is updated annually due to changes in the Consumer Price Index for all urban consumers. This benefit is not protected under the inviolable contract provisions of the Kentucky Revised Statute 16.652, 61.692, and 78.852. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

Insurance Contributions

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

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

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

Pension Liabilities

At June 30, 2016 the City recognized a liability of \$235,063 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, 2015, 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 (\$21,207 non-hazardous) relative to the total contributions of all participants in the respective non-hazardous and hazardous retirement plans. At June 30, 2015 the City's share of the non-hazardous net pension liability was .005467% which an increase of .000098% from the figure of .005369% in the prior period.

Pension Payable/Expense

At June 30, 2016 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 2016.

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE I - EMPLOYEE RETIREMENT SYSTEM - CONTINUED

Pension Payable/Expense - Continued

For the year ended June 30, 2016, the City recognized pension expense of \$33,159 for non-hazardous covered employees in the statement of activities.

Deferred Inflows/Outflows of Resources

At June 30, 2016, 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	\$ 1,953	\$ -
Change of Assumptions	23,704	-
Net difference between projected and actual earnings on plan investments	2,107	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,520	-
City's contributions to the plan subsequent to the measurement date	15,439	-
Totals	<u>\$ 45,723</u>	<u>\$ -</u>

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

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

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE I - EMPLOYEE RETIREMENT SYSTEM – CONTINUED

Deferred Inflows/Outflows of Resources – Continued

	<u>Non-Hazardous</u>
Year 1	10,515
Year 2	10,515
Year 3	5,015
Year 4	4,239
Year 5	-
Thereafter	-
Total	<u>30,284</u>

Actuarial Assumptions

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

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

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

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

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

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

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE I - EMPLOYEE RETIREMENT SYSTEM – CONTINUED

Actuarial Assumptions - Continued

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

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

Since the prior measurement date, the demographic and economic assumptions that affect the measurement date of the total pension liability have been updated and the changes are noted below:

- 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.

Discount Rate

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

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

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE I - EMPLOYEE RETIREMENT SYSTEM – CONTINUED

Discount Rate - Continued

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Non-Hazardous	\$ 300,087	\$ 235,063	\$ 179,375

Pension Plan Fiduciary Net Position

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

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, 2016.

NOTE K - LITIGATION

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

NOTE L - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City maintains commercial insurance coverage for each of the above risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE M – IMPLEMENTATION OF GASB PRONOUNCEMENTS

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

Pronouncements Scheduled to be Adopted in this Fiscal Year:

GASB Statement No. 72, Fair Value Measurement and Application

The provisions of this statement are effective for fiscal years beginning after June 15, 2015 with earlier adoption encouraged. This standard provides guidance for determining a fair value measurement for financial reporting purposes as well as providing guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE M – IMPLEMENTATION OF GASB PRONOUNCEMENTS - CONTINUED

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

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments of Certain Provisions of GASB Statements 67 & 68

The provisions of this statement are effective for fiscal years beginning after June 15, 2015 with earlier adoption encouraged. This standard is intended to improve the usefulness of information provided about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

The provisions of this statement are effective for fiscal years beginning after June 15, 2015 with earlier adoption encouraged. This standard is intended to improve financial reporting by various means.

GASB Statement No. 79, Certain Internal Investment Pools and Pool Participants

The provisions of this statement are effective for fiscal years beginning after June 15, 2015 with earlier adoption encouraged. This standard is meant to address accounting and financial reporting for certain external investment pools and pool participants.

Pronouncements Scheduled to be Adopted in Future Fiscal Years:

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

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

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

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

GASB Statement No. 77, Tax Abatement Disclosures

The provisions of this statement are effective for fiscal years beginning after December 15, 2015 with earlier adoption encouraged. This standard is meant to assist users of the City's financial statement in determining any limitations on its revenue raising capacity resulting from programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the City or its citizens. 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, 2016

NOTE M – IMPLEMENTATION OF GASB PRONOUNCEMENTS - CONTINUED

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

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

The provisions of this statement are effective for fiscal years beginning after December 15, 2015 with earlier adoption encouraged. This standard is meant to clarify the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The City is still determining the impact, if any, this statement will have on the financial statements.

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

The provisions of this statement are effective for fiscal years beginning after June 15, 2016 with earlier adoption encouraged. This standard is meant to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The City is still determining the impact, if any, this statement will have on the financial statements.

GASB Statement No. 81, Irrevocable Split-Interest Agreements

The provisions of this statement are effective for fiscal years beginning after December 15, 2016 with earlier adoption encouraged. This standard is meant to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The City is still determining the impact, if any, this statement will have on the financial statements.

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

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

GASB Statement No. 83, Certain Asset Retirement Obligations

The provisions of this statement are effective for fiscal years beginning after June 15, 2018 with earlier adoption encouraged. This standard is meant 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.

NOTE N – PRIOR PERIOD ADJUSTMENT

A prior period adjustment to decrease net position in the amount of \$6,274 was made to account for an overstatement of deferred outflows on the statement of net position in a prior period.

CITY OF HURSTBOURNE, KENTUCKY
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>REVENUES</u>					
Taxes:					
Property Taxes	\$ 1,132,000	\$ -	\$ 1,132,000	\$ 1,119,961	\$ (12,039)
Insurance Premium Tax	702,000	-	702,000	705,732	3,732
Bank Franchise	66,000	-	66,000	63,784	(2,216)
Cable Franchise	28,000	-	28,000	28,925	925
License and Permits:					
Sign Permits	6,000	-	6,000	7,186	1,186
Alcohol License Fee	15,800	-	15,800	17,900	2,100
Home Occupation Income	500	-	500	575	75
POD Income	-	-	-	10	10
Business License	9,000	-	9,000	8,475	(525)
Intergovernmental					
Base Court Revenue	-	-	-	5,183	5,183
Coal & Mineral Income	200	-	200	233	33
Grant Income	-	-	-	10,000	10,000
Charges for Services					
Weed Lien Income	-	-	-	1,335	1,335
Rents	45,000	-	45,000	41,849	(3,151)
Property Tax Penalties and Interest	5,000	-	5,000	5,510	510
Other Income	3,000	-	3,000	60	(2,940)
Interest Income	5,000	-	5,000	2,714	(2,286)
Total Revenues before Prior Year Fund Balance	2,017,500	-	2,017,500	2,019,432	1,932
Prior Year Fund Balance:					
Appropriated for Current Year Budget	183,000	-	183,000	-	(183,000)
Total Revenues and Prior Year Fund Balance	2,200,500	-	2,200,500	2,019,432	(181,068)
<u>EXPENDITURES AND ENCUMBRANCES</u>					
General Government:					
General and Administrative Expenditures					
General Government:					
City Attorney Retainer	20,000	-	20,000	22,772	(2,772)
Outside Counsel	2,000	-	2,000	-	2,000
Auditor	6,000	-	6,000	5,625	375
Financial Assistant	30,000	-	30,000	30,015	(15)
Recording Secretary	4,000	-	4,000	5,408	(1,408)
Advertising	7,500	-	7,500	3,763	3,737
Travel	1,000	-	1,000	-	1,000

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, 2016

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>EXPENDITURES AND ENCUMBRANCES - Continued</u>					
General Government: (Continued)					
General and Administrative Expenditures (Continued)					
General Government (Continued):					
Memberships and Training	3,500	-	3,500	2,314	1,186
Subscriptions	2,200	-	2,200	889	1,311
Refreshments	1,000	-	1,000	665	335
Office Space Lease	17,000	-	17,000	16,909	91
Safety Deposit Box	200	-	200	155	45
Telephones	4,000	-	4,000	4,192	(192)
Published City Directory	13,000	-	13,000	-	13,000
PVA Assessment	35,000	-	35,000	-	35,000
Automotive	4,000	-	4,000	1,663	2,337
General Government Miscellaneous	10,000	-	10,000	5,884	4,116
200 Whittington - City Hall					
Gas and Electric	9,700	-	9,700	9,042	658
Water/Sewer	2,200	-	2,200	1,655	545
Cleaning Service	4,000	-	4,000	5,450	(1,450)
Building Maintenance	1,500	-	1,500	1,285	215
Building Materials/Supplies	1,000	-	1,000	1,169	(169)
Equipment Maintenance	1,500	-	1,500	-	1,500
Building Improvements	100,000	-	100,000	82,626	17,374
Moving Expenses	3,000	-	3,000	3,528	(528)
Dumpster - Sanitation	1,500	-	1,500	228	1,272
Furniture and Fixtures	1,000	-	1,000	5,330	(4,330)
Legal and Management Expense	2,000	-	2,000	-	2,000
Leasing Expense	5,000	-	5,000	1,030	3,970
Tenant Finish	10,000	-	10,000	1,545	8,455
Insurance - Property	2,000	-	2,000	4,604	(2,604)
City Hall Miscellaneous Expense	2,000	-	2,000	11,243	(9,243)
Office Supplies:					
Supplies	2,500	-	2,500	3,771	(1,271)
Office Equipment	2,000	-	2,000	3,152	(1,152)
Postage	4,000	-	4,000	1,863	2,137
Computer Equipment	2,000	-	2,000	1,390	610
Computer Software	1,500	-	1,500	2,893	(1,393)
Equipment Maintenance	2,500	-	2,500	2,791	(291)
Printing - Newsletter	5,000	-	5,000	3,915	1,085
Printing - Other	1,500	-	1,500	624	876
Web Page	1,000	-	1,000	439	561

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, 2016

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>EXPENDITURES AND ENCUMBRANCES - Continued</u>					
General Government: (Continued)					
General and Administrative Expenditures (Continued)					
Personnel:					
Salaries and Wages	150,000	-	150,000	159,254	(9,254)
Payroll Taxes - FICA	12,500	-	12,500	11,677	823
Payroll Taxes Unemployment	2,000	-	2,000	901	1,099
Payroll Service	2,000	-	2,000	1,406	594
Retirement Contribution	20,000	-	20,000	21,207	(1,207)
Health Insurance	54,000	-	54,000	44,845	9,155
Dental Insurance	8,500	-	8,500	7,621	879
Insurance:					
Insurance/Liability	16,000	-	16,000	9,462	6,538
Insurance/Property	2,200	-	2,200	6,009	(3,809)
Bonding	4,500	-	4,500	4,248	252
Workers Compensation	1,000	-	1,000	695	305
Total General Government	601,500	-	601,500	517,152	84,348
Public Safety:					
Vehicle/Pedestrian Safety					
Police Patrols	50,000	-	50,000	40,268	9,732
Street Lighting - Electricity	115,000	-	115,000	126,755	(11,755)
Electrical Repairs - Improvements	5,000	-	5,000	-	5,000
Street Signs and Markings	5,000	-	5,000	547	4,453
Supplies and Promotions	1,000	-	1,000	-	1,000
General Public Safety					
Public Safety Miscellaneous	5,000	-	5,000	4,084	916
Total Public Safety	181,000	-	181,000	171,654	9,346
Public Works:					
General:					
Holiday Decorations	8,000	-	8,000	7,076	924
Public Works Miscellaneous	15,000	-	15,000	3,650	11,350
Landscaping:					
Landscaping Other	1,000	-	1,000	-	1,000
Horticulturalist	22,000	-	22,000	19,458	2,542
Contract Gardener	135,000	-	135,000	115,582	19,418

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, 2016

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>EXPENDITURES AND ENCUMBRANCES - Continued</u>					
Public Works (Continued):					
Maintenance:					
Grass Cutting	110,000	-	110,000	106,540	3,460
Chemical Applications	38,000	-	38,000	38,661	(661)
Irrigation					
Annual Service Contract	28,000	-	28,000	27,780	220
System Replacement	75,000	-	75,000	24,332	50,668
Water	65,000	-	65,000	96,151	(31,151)
Electrician/Landscape	10,000	-	10,000	4,155	5,845
Other Maintenance	5,000	-	5,000	2,594	2,406
Special Projects:					
Hazardous Tree Inspections	2,000	-	2,000	2,000	-
Entrance Improvements & Upgrades	60,000	-	60,000	43,994	16,006
Median Improvements	20,000	-	20,000	-	20,000
Bridle Path - Wimborne	2,000	-	2,000	-	2,000
City Park	2,000	-	2,000	-	2,000
Spring/Fall Planting:					
Flowers	15,000	-	15,000	18,539	(3,539)
Plant Replacements	20,000	-	20,000	31,020	(11,020)
Mulch	30,000	-	30,000	28,733	1,267
Tree Replacement	25,000	-	25,000	10,997	14,003
Tree Removal	30,000	-	30,000	17,077	12,923
Roads:					
City Engineer	40,000	-	40,000	43,402	(3,402)
Scheduled Maintenance-Resurfacing	50,000	-	50,000	82,294	(32,294)
Unscheduled Maintenance	10,000	-	10,000	1,950	8,050
Street Cleaning	2,000	-	2,000	-	2,000
Snow Removal	40,000	-	40,000	64,718	(24,718)
Total Public Works	<u>860,000</u>	<u>-</u>	<u>860,000</u>	<u>790,703</u>	<u>69,297</u>
Sanitation/Code Enforcement:					
Sanitation					
Residential Collection	440,000	-	440,000	440,094	(94)
Publications	1,000	-	1,000	151	849
Sanitation Contingency	2,000	-	2,000	1,018	982
Code Enforcement					
Code Enforcement Miscellaneous	5,000	-	5,000	1,134	3,866
Total Sanitation/Code Enf	<u>448,000</u>	<u>-</u>	<u>448,000</u>	<u>442,397</u>	<u>5,603</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, 2016

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Total Actual</u>	<u>Variance</u>
<u>EXPENDITURES AND ENCUMBRANCES - Continued</u>					
Community Development					
Community Projects and Events					
Commission Special Projects	100,000	-	100,000	11,772	88,228
Community Outreach and Events	10,000	-	10,000	7,123	2,877
Total Community Develop.	<u>110,000</u>	<u>-</u>	<u>110,000</u>	<u>18,895</u>	<u>91,105</u>
 Total Expenditures	 <u>2,200,500</u>	 <u>-</u>	 <u>2,200,500</u>	 <u>1,940,801</u>	 <u>259,699</u>
 Excess of Revenue over Expenditures	 -	 -	 -	 78,631	 78,631
<u>OTHER FINANCING SOURCES (USES):</u>					
Sale of Surplus Property	-	-	-	1,140	1,140
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,140</u>	<u>1,140</u>
 Net Change in Fund Balance	 -	 -	 -	 79,771	 79,771
 Fund Balance - July 1, 2015	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>1,393,458</u>	 <u>1,393,458</u>
 Fund Balance - June 30, 2016	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 1,473,229</u>	 <u>\$ 1,473,229</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, 2016

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Total Actual</u>	<u>Variance</u>
<u>REVENUES</u>					
Municipal Road Aid:					
Intergovernmental Revenue	<u>\$ 96,000</u>	<u>\$ -</u>	<u>\$ 96,000</u>	<u>\$ 83,759</u>	<u>\$ (12,241)</u>
Total Revenues before Prior Year Fund Balance	<u>96,000</u>	<u>-</u>	<u>96,000</u>	<u>83,759</u>	<u>(12,241)</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>96,000</u>	<u>-</u>	<u>96,000</u>	<u>83,759</u>	<u>(12,241)</u>
<u>EXPENDITURES AND ENCUMBRANCES</u>					
Municipal Road Aid:					
Street Paving and Repairs	<u>96,000</u>	<u>-</u>	<u>96,000</u>	<u>96,000</u>	<u>-</u>
Total Municipal Road Aid	<u>96,000</u>	<u>-</u>	<u>96,000</u>	<u>96,000</u>	<u>-</u>
Excess (Deficiency) of Revenue over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,241)</u>	<u>(12,241)</u>
Fund Balance - July 1, 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,234</u>	<u>22,234</u>
Fund Balance - June 30, 2016	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,993</u></u>	<u><u>\$ 9,993</u></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, 2016

Budgets and the Budgetary Process

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

Encumbrances

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

Reconciliation

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

Budgetary Fund/Department/Line Item	Reported as Capital Outlay in the Fund Financials	
	General Fund	Municipal Road Aid Fund
General Government:		
200 Whittington - City Hall		
Building Improvements	\$ 40,446	\$ -
Public Works:		
Special Projects:		
Entrance Improvements & Upgrades	24,750	-
Roads:		
Scheduled Maintenance - Resurfacing	11,287	-
Roads		
Street Paving and Repairs	-	96,000
	<u>\$ 76,483</u>	<u>\$ 96,000</u>

CITY OF HURSTBOURNE, KENTUCKY
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY OF THE COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2016

<u>Year Ended June 30th</u>	<u>City's proportion of the net pension liability</u>	<u>City's proportionate share of the net pension liability (asset)</u>	<u>City's covered employee payroll</u>	<u>City's share of the net pension liability (asset) as a percentage of its covered employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
Non-Hazardous:					
2016	Not Available	Not Available	\$ 124,308	Not Available	Not Available
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
2012-2007	Not Available	Not Available	Not Available	Not Available	Not Available

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

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

**CITY OF HURSTBOURNE, KENTUCKY
SCHEDULE OF THE CITY'S CONTRIBUTIONS TO THE COUNTY
EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Year Ended June 30th</u>	<u>Contractually required contribution</u>	<u>Contribution relative to contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>City's covered employee payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
Non-Hazardous:					
2016	\$ 21,207	\$ 21,207	\$ -	\$ 124,308	17.06%
2015	\$ 22,539	\$ 22,539	\$ -	\$ 127,557	17.67%
2014	\$ 23,270	\$ 23,270	\$ -	\$ 123,184	18.89%
2013	\$ 22,875	\$ 22,875	\$ -	\$ 117,008	19.55%
2012-2007	Not Available	Not Available	Not Available	Not Available	Not Available

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

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

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
ON PENSION REPORTING
FOR THE YEAR ENDED JUNE 30, 2016

NOTE A – ACCOUNTING POLICIES

For purposes of determining net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the County Employees Retirement System (CERS), and additions to/deductions from CERS' fiduciary net position have been determined on the same basis as they are reported to the City by CERS.

NOTE B – CHANGES OF BENEFIT TERMS

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

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

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

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

NOTE C – CHANGES OF ASSUMPTIONS

2015

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to .75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females).
- For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

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

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

CITY OF HURSTBOURNE, KENTUCKY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
ON PENSION REPORTING
FOR THE YEAR ENDED JUNE 30, 2016

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

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

NOTE E – MEASUREMENT DATE

As allowed by current audit standards, CERS has used a measurement date of June 30, 2015 for reporting information to the City.

NOTE F – CONTRACTUALLY REQUIRED CONTRIBUTIONS

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

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



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, 2016, 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 January 11, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Stephens & Lawson CPAs

Louisville, Kentucky
January 11, 2017

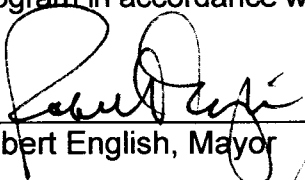
City of Hurstbourne Commission
Municipal Order No. 11-19 Series 2011
July 26, 2011

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

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

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

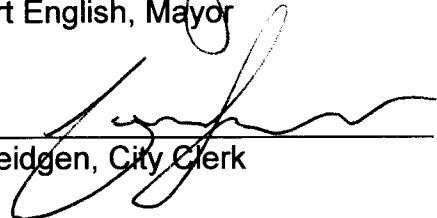
1. The City hereby elects to participate in the Program for capital projects which are authorized by LMCO 97.100.
2. The City agrees to construct projects funded in whole or in part by the Program in accordance with standards established in compliance with LMCO 97.100.



Robert English, Mayor



Date



Jim Leidgen, City Clerk



Date

Lewis, Chris W

From: Jim Leidgen <jim@hurstbourne.org>
Sent: Thursday, September 7, 2017 3:39 PM
To: Lewis, Chris W
Cc: Trisha Sikkema
Subject: FW: NDF to City of Hurstbourne
Attachments: 2011_11-19_MUNICIPAL_ORDER_CITY OF
HURSTBOURNE_PARTICIPATION_METRO_FUNDING.pdf

Importance: High

I think the attached M.O. should cover what is needed. The funds will come from the approved 2017-18 Budgeted expenses (Public Works Department) – See last line item highlighted.

Tax and other revenues will fund this project. What other than a statement to that effect do you need?

Can you attach this email to page 7?

Thanks!

Jim Leidgen
City Administrative Officer
City of Hurstbourne
200 Whittington Parkway, Ste 100
Louisville, KY 40222
(502) 426-4808
www.hurstbourne.org

PUBLIC WORKS		June 30, 2014 AUDIT			June 30, 2015 AUDIT			June 30, 2016 AUDIT	
G/L Account Category / Name	G/L	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual
Landscaping									
Landscaping Other	60920	\$1,000	\$0	\$1,000	\$1,000	\$0	\$1,000	\$1,000	\$0
Arborist	60930	\$23,000	\$21,515	\$1,485	\$23,000	\$20,647	\$2,353	\$22,000	\$20,000
Contract Gardener	60940	\$175,000	\$121,561	\$53,439	\$175,000	\$108,389	\$66,611	\$135,000	\$100,000
Subtotal:		\$199,000	\$143,076	\$55,924	\$199,000	\$129,036	\$69,964	\$158,000	\$120,000
Spring/Fall Planting									
Flowers	60710	\$20,000	\$18,037	\$1,963	\$20,000	\$13,876	\$6,124	\$15,000	\$10,000
Plant Replacements	60720	\$20,000	\$18,009	\$1,991	\$20,000	\$35,297	(\$15,297)	\$20,000	\$10,000
Mulch	60730	\$32,000	\$26,367	\$5,633	\$32,000	\$26,507	\$5,493	\$30,000	\$20,000
Tree Replacement	60740	\$30,000	\$3,141	\$26,859	\$30,000	\$29,729	\$271	\$25,000	\$20,000
Tree Removal	60750	\$20,000	\$9,264	\$10,736	\$30,000	\$27,023	\$2,977	\$30,000	\$20,000
Subtotal:		\$122,000	\$74,818	\$47,182	\$132,000	\$132,432	(\$432)	\$120,000	\$100,000
City Properties									
Storm Water		\$10,000	\$6,666	\$3,334	\$10,000	\$0	\$10,000	\$0	\$0
Side Walk Repair		\$5,000	\$5,395	(\$395)	\$5,000	\$6,419	(\$1,419)	\$0	\$0

From: Lewis, Chris W [mailto:Chris.Lewis@louisvilleky.gov]
Sent: Thursday, September 07, 2017 2:23 PM
To: Trisha Sikkema; Jim Leidgen
Subject: FW: NDF to City of Hurstbourne

Jim,

See the email from our county attorney below regarding the sidewalk NDF application. Can you list the source of the other funds on page 7 and resubmit that page as well as provide the city of Hurstbourne's ordinance opting into the Metro Partnership as request by the county attorney? Sorry for the difficulties.. Thanks



Chris W. Lewis | Legislative Assitant
Office of Councilwoman Marilyn Parker
601 W. Jefferson Street | Louisville, KY 40202
p: (502) 574-1118 f: (502) 574-4501
[District 18 Website](#)

From: Lococo, Nicholas
Sent: Wednesday, September 6, 2017 6:04 PM
To: Lewis, Chris W <Chris.Lewis@louisvilleky.gov>
Cc: Martin, Sarah J <Sarah.Martin@louisvilleky.gov>; Harward, Sonya <Sonya.Harward@louisvilleky.gov>
Subject: NDF to City of Hurstbourne

Chris,

I've uploaded and approved the ordinance into Granicus, but I wanted to inform you that the City of Hurstbourne Municipal Order opting into the Metro Partnership needs to be added. This documentation is necessary for compliance with LMCO 97.100. Also, on Page 7, the City lists additional funding of \$54,000, but does not specify the source of these funds.

Please update this information.

Thanks,
Nick



Nicholas J. Lococo
Assistant Jefferson County Attorney
Office of Mike O'Connell – Jefferson County Attorney
O: (502) 574-6333

D: (502) 574-6876
F: (502) 574-6039
531 Court Pl., Ste. 900
Louisville, KY 40202

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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):

Class (effective Jan. 1, 2015):

Status:

Incorporated:

County:

Area Development

County Seat

Form Of Government:

Type of Election (City Officials):

City Waives Primary Election (City Officials):

4

Home Rule

Active

1982-08-12

Jefferson

KIPDA

No

Mayor - Commission

Non-Partisan

Yes

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

Interactive Map (Courtesy Kentucky Geography Network)

Notes: 1980 population: 3,530

City Links:

[ADD Website](#)

[County Website](#)

County Links:

[Jefferson County Clerk](#)

[Jefferson County Genealogy](#)

[Jefferson County History & Genealogy](#)

[Jefferson County PVA](#)

[Jefferson County Sheriff](#)

Population Estimates:

1990: 4412

1991: 4501

1992: 4607

1993: 4640

1994: 4639

1995: 4638

1996: 4616

1997: 4614

1998: 4624

1999: 4739

2000: 3889

2001: 3908

2002: 3928

2003: 3959

*Compiled by the Ky. State Data

Center. Population Estimates may
change as city boundaries are
adjusted.

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

Current Filings (KRS 81.045 to present date)

Date Filed	Type	Ordinance	Map Status	Notes
2016-05-19	Population Estimate			U. S. Census Bureau Population Estimate as of July 1, 2015: 4,359
2015-05-21	Population (2010)			Population Total per 2010 U.S. Decennial Census: 4,216
2014-07-28	Declaration (TIFF) (PDF)	pursuant to HB 331 (2014)		Acknowledgment of Reclassification (Home Rule), Statement of Form of Government (Mayor-Commission), Name of City, & Year of Incorporation
2000-12-27	Resignation & Appointment			City Commissioner
2000-04-27	Appointment			City Commissioner
1983-05-26	Census			Population: 3,530 (1980)

Date Filed	Type	Ordinance	Map Status	Notes
1983-01-26	Annexation	Ord. #8, Series FYE1983	MAPPABLE	
1982-09-15	Incorporation	82-CI-00902	MAPPABLE	Jefferson Circuit Court Judgment

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Kentucky Unbridled Spirit