

O-065-23

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

**Applicant/Program:** City of Hurstbourne /ADA and Road Improvements Phase VIII  
**Applicant Requested Amount:** \$30,000  
**Appropriation Request Amount:** \$7,500

## **Executive Summary of Request**

This funding is to further assist the City of Hurstbourne's Phase VIII construction plan which is to install ADA compliant sidewalk ramps and make various road improvements that include curb work.

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.

<u>18</u>	<u><i>Marilyn Parker</i></u>	<u>\$7,500</u>	<u>3-31-23</u>
District #	Primary Sponsor Signature	Amount	Date

## **Primary Sponsor Disclosure**

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

## **Approved by:**

\_\_\_\_\_  
 Appropriations Committee Chairman

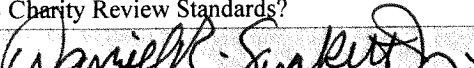
\_\_\_\_\_  
 Date

Final Appropriations Amount: \_\_\_\_\_

# LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

**Legal Name of Applicant Organization** The City of Hurstbourne/ADA and Road Improvements Phase VIII

**Program Name and Request Amount** ADA compliant sidewalk ramps and road/curb improvements - \$7,500

	Yes/No/NA
Is the NDF Transmittal Sheet Signed by all Council Member(s) Appropriating Funding?	<input checked="" type="checkbox"/> Yes
Is the funding proposed by Council Member(s) less than or equal to the request amount?	<input checked="" type="checkbox"/> Yes
Is the proposed public purpose of the program viable and well-documented?	<input checked="" type="checkbox"/> Yes
Will all of the funding go to programs specific to Louisville/Jefferson County?	<input checked="" type="checkbox"/> Yes
Has Council or Staff relationship to the Agency been adequately disclosed on the cover sheet?	<input checked="" type="checkbox"/> N/A
Has prior Metro Funds committed/granted been disclosed?	<input checked="" type="checkbox"/> N/A
Is the application properly signed and dated by authorized signatory?	<input checked="" type="checkbox"/> Yes
Is proof of Tax Exempt status of 501(c) 3, 4, 6, 19, 1120-H included?	<input checked="" type="checkbox"/> Yes
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"/> N/A
Is the entity in good standing with: <ul style="list-style-type: none"> <li>▶ Kentucky Secretary of State?</li> <li>▶ Louisville Metro Revenue Commission?</li> <li>▶ Louisville Metro Government?</li> <li>▶ Internal Revenue Service?</li> <li>▶ Louisville Metro Human Relations Commission?</li> </ul>	<input checked="" type="checkbox"/> Yes
Is the current Fiscal Year Budget included?	<input checked="" type="checkbox"/> Yes
Is the entity's board member list (with term length/term limits) included?	<input checked="" type="checkbox"/> Yes
Is recommended funding less than 33% of total agency operating budget?	<input checked="" type="checkbox"/> Yes
Does the application budget reflect only the revenue and expenses of the project/program?	<input checked="" type="checkbox"/> Yes
Is the cost estimate(s) from proposed vendor (if request is for capital expense) included?	<input checked="" type="checkbox"/> Yes
Is the most recent annual audit (if required by organization) included?	<input checked="" type="checkbox"/> Yes
Is a copy of Signed Lease (if rent costs are requested) included?	<input checked="" type="checkbox"/> N/A
Is the Supplemental Questionnaire for churches/religious organizations (if requesting organization is faith-based) included?	<input checked="" type="checkbox"/> N/A
Are the Articles of Incorporation of the Agency included?	<input checked="" type="checkbox"/> Yes
Is the IRS Form W-9 included?	<input checked="" type="checkbox"/> Yes
Is the IRS Form 990 included?	<input checked="" type="checkbox"/> Yes
Are the evaluation forms (if program participants are given evaluation forms) included?	<input checked="" type="checkbox"/> N/A
Affirmative Action/Equal Employment Opportunity plan and/or policy statement included (if required to do so)?	<input checked="" type="checkbox"/> N/A
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
Prepared by: 	Date: 3-31-23

## LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

SECTION 1 – APPLICANT INFORMATION			
Legal Name of Applicant Organization: CITY OF HURSTBOURNE <i>(as listed on: <a href="http://www.sos.ky.gov/business/records">http://www.sos.ky.gov/business/records</a>)</i>			
Main Office Street & Mailing Address: 200 Whittington Parkway, Suite 100 - Louisville, KY 40222			
Website: <a href="http://www.hurstbourne.org">www.hurstbourne.org</a>			
Applicant Contact:	Mr. Tyler Johnson	Title:	City Manager/Administrator
Phone:	(502) 426-4808	Email:	tyler@hurstbourne.org
Financial Contact:	Mr. Mike Rhodes	Title:	Accountant
Phone:	(502) 426-4808	Email:	mike@hurstbourne.org
Organization's Representative who attended NDF Training: Chris Crumpton, Blue Stone Engineers			
GEOGRAPHICAL AREA(S) WHERE PROGRAM ACTIVITIES ARE (WILL BE) PROVIDED			
Program Facility Location(s):	City of Hurstbourne		
Council District(s):	18	Zip Code(s):	40222
SECTION 2 – PROGRAM REQUEST & FINANCIAL INFORMATION			
PROGRAM/PROJECT NAME: ADA & Road Improvements Phase VIII			
Total Request: (\$)	30,000	Total Metro Award (this program) in previous year: (\$)	30,000
Purpose of Request (check all that apply):			
<input type="checkbox"/> Operating Funds (generally cannot exceed 33% of agency's total operating budget) <input type="checkbox"/> Programming/services/events for direct benefit to community or qualified individuals <input checked="" type="checkbox"/> Capital Project of the organization (equipment, furnishing, building, etc)			
The Following are Required Attachments:			
<input checked="" type="checkbox"/> IRS Exempt Status Determination Letter <input checked="" type="checkbox"/> Current year projected budget <input checked="" type="checkbox"/> Current financial statement Most recent IRS Form 990 or 1120-H <input checked="" type="checkbox"/> Articles of Incorporation (current & signed) <input checked="" type="checkbox"/> Cost estimates from proposed vendor if request is for capital expense		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: (\$)	0
Source:		Amount: (\$)	
Source:		Amount: (\$)	
Has the applicant contacted the BBB Charity Review for participation? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Has the applicant met the BBB Charity Review Standards? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No N/A			

**LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION**

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

[illegible]

**Describe the Board term limit policy:**

City Commission terms are identified in the City Information included with this package.

Three Highest Paid Staff Names	Annual Salary
Tyler Johnson	\$87,500
Nicol Mercado	\$57,720
Mike Rhodes	\$7,704

## **City of Hurstbourne – Board of Commissioners**

Mayor Mary Masick – Term ends December 31, 2026

Commissioner Ben Jackson – Term ends December 31, 2024

Commissioner Lois Wagner - Term ends December 31, 2024

Commissioner Bill Leavell - Term ends December 31, 2024

Commissioner Marc Norton - Term ends December 31, 2024

## LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

### SECTION 3 – AGENCY DETAILS

**Describe Agency's Vision, Mission and Services:**

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

## LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

### SECTION 5 – PROGRAM/PROJECT NARRATIVE

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

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

This Additional Phase of the City of Hurstbourne ADA Improvements Program will continue to fix curb area repairs, including repair around catch basin inlets along Nottingham Parkway, South Lyndon Lane & Colonel Anderson Parkway.

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

-Curb repairs including some grate replacements along Nottingham Parkway, South Lyndon Lane & Colonel Anderson Parkway.



## LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

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

N/A

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

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

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

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

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

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



## LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

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

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

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

N/A

## LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

### 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	30,000	60,000
L: Other Expenses (See Detailed List on Page 8)			
<b>*TOTAL PROGRAM/PROJECT FUNDS</b>	<b>\$30,000</b>	<b>\$30,000</b>	<b>\$60,000</b>
% of Program Budget	50.0 %	50.0 %	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) <b>City of Hurstbourne Budgetary Funding</b>	<b>\$30,000</b> City of Hurstbourne Budgetary Funding
<b>Total Revenue for Columns 2 Expenses **</b>	<b>\$30,000</b>

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

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

# LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

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

## 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		
<b>Total Value of In-Kind</b> <b>(to match Program Budget Line Item.</b> 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 2023 (FY2024)

**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.

### 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:	3/17/23
Legal Signatory: (please print):	Tyler D. Johnson	Title:	CAO
Phone:	502-426-4808	Extension:	
Email:	tyler@hurstlaxme.org		



**IRS** Department of the Treasury  
Internal Revenue Service

P.O. Box 2508  
Cincinnati OH 45201

In reply refer to: 0248230137  
June 02, 2014 LTR 4076C 0  
61-1009697 000000 00

00021431  
BODC: TE

CITY OF HURSTBOURNE  
304 WHITTINGTON PKWY  
LOUISVILLE KY 40222



122711

Federal Identification Number: 61-1009697  
Person to Contact: Ms. Edwards  
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

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

#### GOVERNMENTAL UNITS

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

#### ENTITIES MEETING THE REQUIREMENTS OF SECTION 115(1)

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

#### TAX-EXEMPT CHARITABLE ORGANIZATIONS

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

CITY OF HURSTBOURNE, KENTUCKY  
ORDINANCE NO. 22-06

AN ORDINANCE ADOPTING AN ANNUAL BUDGET FOR THE CITY OF HURSTBOURNE FOR THE  
FISCAL YEAR JULY 1, 2022 TO JUNE 30, 2023  
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, 2023, is hereby adopted as follows:


	General Fund	Road Fund	Drainage Projects Fund	ARPA Funds	TOTAL ALL FUNDS
<u>Resources Available:</u>					
Prior Year: Carry-Forward Appropriations	\$448,083	\$0	\$0	\$0	\$448,083
Current Year: Revenues & Other Appropriations		\$80,000	\$100,000	\$1,130,768	\$1,310,768
Property Taxes	\$1,511,413				\$1,511,413
Interest and Penalties	\$6,000				\$6,000
Insurance Premium Tax	\$760,000				\$760,000
Cable Franchise Fees	\$28,000				\$28,000
Bank Franchise Tax	\$72,000				\$72,000
Sign Fees	\$7,000				\$7,000
Alcohol Beverage Fees	\$17,000				\$17,000
Home Occupation Fees	\$600				\$600
Business License Fees	\$10,000				\$10,000
State Coal/Mineral Tax/Litter Abatement	\$200				\$200
Base Court Revenue (HB 413)	\$5,000				\$5,000
Interest General Fund	\$17,000				\$17,000
Miscellaneous Income	\$2,000				\$2,000
200 Whittington Bldg. - Tenant Leases	\$56,000				\$56,000
SRTS & Metro Grants Income	\$180,000				\$180,000
Subtotal (Current Year) Revenues & Appropriations	\$2,672,213	\$80,000	\$100,000	\$1,130,768	\$3,982,981
Less Property Tax Discounts/Uncollected Accounts	(\$58,000)				(\$58,000)
Net Total (Current Year) Revenues & Appropriations	\$2,613,213	\$80,000	\$100,000	\$1,130,768	\$3,923,981
Total Resources available for Appropriations	\$3,061,296	\$80,000	\$100,000	\$1,130,768	\$4,372,064
<u>Expenses:</u>					
General Government	\$614,196				\$614,196
Public Works	\$1,555,000	\$80,000	\$100,000	\$705,681	\$2,440,681
Public Safety	\$283,600				\$283,600
Sanitation - Code Enforcement	\$488,500				\$488,500
Community Projects & Events	\$120,000				\$120,000
Total Expense Appropriations	\$3,061,296	\$80,000	\$100,000	\$705,681	\$3,946,977
ARPA fund balance at year end				\$425,087	\$425,087
Total Expense Appropriations and Unappropriated Funds	\$3,061,296	\$80,000	\$100,000	\$1,130,768	\$4,372,064

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

First Reading held on: Tuesday, May 24, 2022

ATTEST: Passed and Approved on: Tuesday, June 14, 2022

  
Michael D. Rhodes, Interim City Clerk

  
Mary Masick, Mayor



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## STATEMENT OF FINANCIAL POSITION

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City of Hurstbourne  
January 2023



# BALANCE SHEET

BALANCE SHEET		Jan 2023
<b>ASSETS</b>		
<b>Cash &amp; Equivalents</b>		
Checking - Chase		\$481,680
Checking - Road Fund		\$148,045
Chase - Security Deposits		\$3,350
Petty Cash		\$745
Chase Svgs - Storm Water		\$59,003
<b>Total Cash &amp; Equivalents</b>		<b>\$692,822</b>
<b>Other Current Assets</b>		
<b>Investments</b>		
<b>Assigned Investments - Storm Water</b>		
JP Morgan-Storm Water T-Bills (04/20/23) 4.30%		\$297,052
Paducah MMKT 4592 .35%		\$201,256
<b>Total Assigned Investments - Storm Water</b>		<b>\$498,308</b>
<b>ARPA Investments</b>		
KLOC ARPA Interest (10347)		\$5,388
River City Money Market 1.0%		\$248,448
First Fin 8477 03/02/23 2.16%		\$245,000
<b>Total ARPA Investments</b>		<b>\$498,836</b>
<b>ARPA Investment Interest Receivable</b>		
First Financial Interest Receivable		\$1,594
River City Interest Receivable		\$3,413
<b>Total ARPA Investment Interest Receivable</b>		<b>\$5,007</b>
<b>Unassigned Investments</b>		
Stock Yards CD 737417 03/10/23 .15%		\$246,572
Eclipse CD 6150 2/9/23 .5%		\$240,898
German American CD 1692 5/3/23 .20%		\$240,965
US Bank CD 041 06/23/23 3.00%		\$242,000
JP Morgan Chase T-Bills (04/06/23) @ 4.20%		\$644,829
KLOC Dividend Focus Eq Pool		\$99,637
KLOC Money Market Fund		\$183,310
KLOC Equity S&P Index Fund		\$99,300
<b>Total Unassigned Investments</b>		<b>\$1,997,510</b>
<b>Total Investments</b>		<b>\$2,999,660</b>
<b>Total Other Current Assets</b>		<b>\$2,999,660</b>
<b>Total Current Assets</b>		<b>\$3,692,482</b>
<b>Fixed Assets</b>		
<b>Depreciable Assets</b>		
Buildings and Improvements		\$797,428
Equipment		\$12,299
Infrastructure		\$2,601,969
<b>Total Depreciable Assets</b>		<b>\$3,411,696</b>
<b>Non-Depreciable Assets</b>		
Land - Park		\$53,175
Land - 200 Whittington Parkway		\$428,032
<b>Total Non-Depreciable Assets</b>		<b>\$481,207</b>

Jan 2023

Accumulated Depreciation	
Accumulated Depreciation	(\$1,569,217)
<b>Total Fixed Assets</b>	<b>\$2,323,686</b>
<b>Total Non-Current Assets</b>	<b>\$2,323,686</b>
<b>Total Assets</b>	<b>\$6,016,168</b>
<b>LIABILITIES</b>	
<b>Short Term Debt</b>	
Chase Credit Card	\$3,982
<b>Other Current Liabilities</b>	
Deferred Revenue	\$10,683
Prepaid Rent	\$12,600
Tenant Security Deposits	\$3,350
<b>Total Other Current Liabilities</b>	<b>\$26,633</b>
<b>Total Current Liabilities</b>	<b>\$30,615</b>
<b>Other Non-Current Liabilities</b>	
Restricted ARPA Obligation Payable	\$493,448
<b>Total Non-Current Liabilities</b>	<b>\$493,448</b>
<b>Total Liabilities</b>	<b>\$524,063</b>
<b>EQUITY</b>	
<b>Retained Earnings</b>	
Investment in General Fixed Assets	\$2,323,686
Restricted Net Assets - General Fund	\$258,161
Restricted Net Assets - Road Fund	\$2,833
Unrestricted Net Assets	\$2,325,915
<b>Total Retained Earnings</b>	<b>\$4,910,595</b>
<b>Current Earnings</b>	
Net Income	\$581,511
<b>Total Equity</b>	<b>\$5,492,106</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$6,016,168</b>

NO. 82CI-00900

JEFFERSON CIRCUIT COURT

DIVISION 5

IN RE: City of Hurstbourne  
Jefferson County, Kentucky  
Ex Parte

FINDINGS OF FACT, CONCLUSIONS OF LAW, JUDGMENT

This case came on for a hearing on August 12, 1982, at 9:15 a.m., on the application of the petitioners to incorporate a fourth class city of Jefferson County, Kentucky, to be known as the City of Hurstbourne, and it appearing to the Court that no objections have been filed to the proposed incorporation and that all counsel of record were given notice of the hearing and the Court having considered the petition, amended petition, the affidavit of Dr. William Dakan, and being otherwise sufficiently advised,

It now makes the following Findings of Fact and Conclusions of Law and orders and adjudges the following:

1. The petition was docketed for a hearing not less than twenty (20) days from the date of filing of the petition and notice of the petition and of its purpose was given by publication, in accord with and pursuant to Chapter 424 of the Kentucky Revised Statutes by means of publication in the Louisville Times, which is the newspaper published in Jefferson County, Kentucky, meeting the qualifications of KRS 424.140, on July 1, 1982, and July 23, 1982, such July 23, 1982, date not being less than seven or more than 21 days before the hearing date of August 12, 1982. See Exhibit 1. Approximately 3,559 persons reside within

**BENNETT, BOWMAN, TRIPLETT & VITTITOW**  
THIRD FLOOR, 231 SOUTH FIFTH STREET  
LOUISVILLE, KY.

the territory sought to be incorporated; there are 2,124 registered voters within the area proposed to be established as the City of Hurstbourne and 1,518 of the registered voters have signed the petition for incorporation of the City of Hurstbourne, Jefferson County, Kentucky, representing 71.45 percent of the registered voters.

2. Incorporation constitutes a reasonable way of providing the public services sought by the voters and property owners of the territory, and there is no other reasonable way of providing the services.

3. The territory is contiguous.

4. The territory is able to provide necessary city services to its residents within a reasonable period after its incorporation.

5. The interests of other areas and adjacent local governments are not prejudiced by the incorporation.

6. The character of the territory is urban.

7. No existing city, county or district has the ability of providing needed services within a reasonable period of time.

8. The territory is not interdependent or part of one community with an existing city.

9. The territory needs street maintenance, street lighting, and garbage collection services, as well as other city services which will be provided by the incorporation of the territory.

10. The development scheme of applicable land use plans is consistent with incorporation of the territory.

11. The territory contains approximately 1,040.77 acres, and is generally flat in topography.

12. The incorporation of the territory should have no significant effect on the population growth and assessed valuation of the real property in the territory.

13. The petitioners constitute more than two-thirds of the registered voters of the proposed city, as shown by the voter registration list attached to the petition as Exhibit 1.

14. The number of residents within the proposed city is 3,559.

15. Attached hereto and incorporated herein is an accurate map of the proposed city. See Exhibit 2.

16. The petitioners seek to incorporate the proposed city in order to provide services for the area through the medium of a city government. These services include street maintenance, street lighting and garbage removal. Further, the petitioners desire to incorporate so that they may form their own governmental unit, instead of subjecting themselves to the risk of absorption by neighboring municipalities, and so they may preserve the cohesive neighborhood character of the community.

17. At the present time the following public facilities exist within the proposed city:

Lowe Elementary School.

18. The following services currently exist within the territory:

- a. Fire protection is provided by the Lyndon Volunteer Fire Department, which has backup contracts with other volunteer fire departments and for which the residents of the area pay a tax.
- b. Road maintenance is not provided by Jefferson County, Kentucky, because the roads do not constitute part

of the County Road System and the minor maintenance heretofore performed by Jefferson County is inadequate, either to maintain the streets or to keep the medians maintained and street lighting is not provided by Jefferson County.

- c. Garbage removal is presently available only through private contractors.
- d. Storm and sanitary sewers are provided by the Metropolitan Sewer District.
- e. Water is provided by the Louisville Water Company.
- f. Gas and electricity are furnished by Louisville Gas & Electric.

19. Petitioners intend and desire that the City of Hurstbourne shall be governed by the commission plan pursuant to and in accord with Chapter 83A of the Kentucky Revised Statutes.

20. The petitioners desire the appointment of the following persons, all residents of the proposed City of Hurstbourne, Jefferson County, Kentucky, to hold the following offices until the next regular election, at which time officers shall be elected by the residents of the City of Hurstbourne, Jefferson County, Kentucky:

<u>Name and Address</u>	<u>Office</u>
David Beckman 8319 Croydon Circle Louisville, Kentucky 40222	Mayor
Alan Linker 8920 Linn Station Road Louisville, Kentucky 40222	Commissioner
C. J. Cunningham, Jr. 8207 Nottingham Parkway Louisville, Kentucky 40222	Commissioner

Alfred Neff  
8812 Nottingham Parkway  
Louisville, Kentucky 40222

Commissioner

Benjamin Few  
8222 Shelbyville Road  
Louisville, Kentucky 40222

Commissioner

### Conclusions of Law

The Court concludes and finds as a matter of law that all standards and conditions for incorporation of the proposed City of Hurstbourne, Jefferson County, Kentucky, as set out in KRS 81.050 through 81.060, both inclusive, have been met and further concludes that the publication requirements of KRS Chapter 424 have also been met.

### Judgment

Therefore, the premises considered, IT IS ORDERED AND ADJUDGED as follows:

1. There is hereby incorporated and established in Jefferson County, Kentucky, the City of Hurstbourne.
2. The metes and bounds description of the boundaries of the City of Hurstbourne is as follows:

BEGINNING at a point in the southerly right-of-way line of Shelbyville Road as it existed on March 15, 1969, said point being the point of intersection of the southern right-of-way line of Shelbyville Road and the corner common to the Edwin Stich Tract, as described in deed of record in Deed Book 1924, Page 168, in the aforesaid Office and to Lot No. 4 as shown on the plat of Oxmoor Shopping Center, Section 2, of record in Plat and Subdivision Book 28, Page 95, in the aforesaid Office; thence with the line common to the aforesaid Edwin Stich Tract and to the aforesaid Lot No. 4, South  $33^{\circ}-04'-26''$  East, 480 feet more or less to a point in the west line of Hurstbourne Section 1A as shown on record in Plat and Subdivision Book 23, Page 25, in the aforesaid Office; thence with said west line of Hurstbourne Section 1A; South  $35^{\circ}-19'-14''$  E 364.07 ft. to a point, being the north corner of Lot 26 in the aforesaid Hurstbourne Section 1A; thence southwestwardly, southeastwardly, north-eastwardly and southeastwardly with the lines common

to the tract which was devised to Thomas M. Elliott in trust by the will of William Marshall of record in Will Book 96, Page 1, in the aforesaid Office, on the West, and common to the said Earl and Edwin Stich tract, Hurstbourne Section No. 1-A, as shown on plat of record in Plat Book 23, Page 25, in the aforesaid Office, Hurstbourne Section No. 8-A, as shown on plat of record in Plat Book 31, Page 86, in the aforesaid Office, Highbaugh Enterprises tract, as described in deed of record in Deed Book 4967, Page 794, and Deed Book 4789, Page 612, in the aforesaid Office, and Hurstbourne Section No. 6, as shown on plat of record in Plat Book 30, Page 34, in the aforesaid Office, all on the East, to the intersection of said common lines with the northwesterly line of the Daniel F. Chitwood tract, as described in deed of record in Deed Book 4554, Page 391, in the aforesaid Office; thence southwesterly with the northwesterly line of said Daniel F. Chitwood Tract to its intersection with Interstate 64; thence easterly with the north right-of-way line of Interstate 64 to its intersection with the west right-of-way line of Hurstbourn Lane; thence northwardly with the west right-of-way line of Hurstbourne Lane to the south right-of-way line of Shelbyville Road as it existed on March 15, 1969, as extended; thence westwardly with the south right-of-way line of Shelbyville Road to the point of beginning.

3. The population contained in the City of Hurstbourne is 3,559 and by reason of its population the City of Hurstbourne shall be and is hereby assigned to the fourth class of cities.

4. The City of Hurstbourne shall operate under the commissioner plan of government and the following persons be, and they are hereby appointed to hold the following offices, until the next regular election, at which time the officers may be elected and at which time officers shall be elected by residents of the City of Hurstbourne, Jefferson County, Kentucky.

<u>Name and Address</u>	<u>Office</u>
David Beckman 8319 Croydon Circle Louisville, Kentucky 40222	Mayor
Alan Linker 8920 Linn Station Road Louisville, Kentucky 40222	Commissioner



C. J. Cunningham, Jr.  
8207 Nottingham Parkway  
Louisville, Kentucky 40222

Commissioner

Alred Neff  
8812 Nottingham Parkway  
Louisville, Kentucky 40222

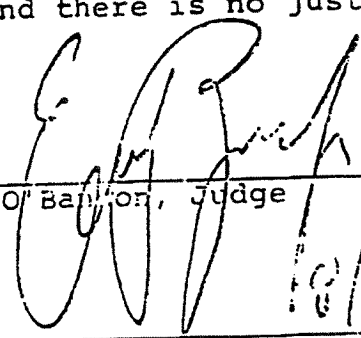
Commissioner

Benjamin Few  
8222 Shelbyville Road  
Louisville, Kentucky 40222

Commissioner

5. The Clerk of Jefferson Circuit Court is hereby ORDERED within ten days from the date of entry of the Judgment, to send a certified copy of the Judgment to the Secretary of State of the Commonwealth of Kentucky, whose duty it shall be to properly index and file this Judgment as a permanent record in his office, all in accordance with KRS 81.060(5).

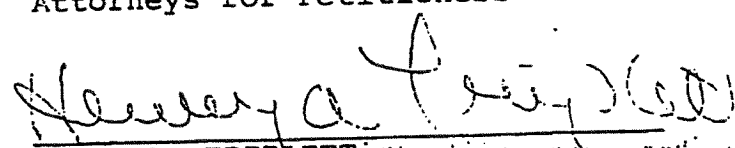
This is a final judgment, and there is no just reason for delay.

  
Earl O. Bannan, Judge

Date

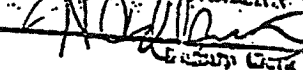
Tendered by Bennett, Bowman, Triplett  
Attorneys for Petitioners

ENTERED IN COURT


  
HENRY A. TRIPLETT

AUG 13 1982

PAULIE MILLER, CLERK

By   
Clerk

CERTIFIED COPY OF RECORD  
OF JEFFERSON CIRCUIT COURT

  
PAULIE MILLER, CLERK

BY

D.C.

**Fiscal Year 2022 - NDF Cost Estimate**  
**City of Hurstbourne**  
**Engineer's Estimated Costs**

**Major Curb Repair work:**

Curb Repairs/Grate Replacements on Nottingham Parkway, South Lyndon Lane &  
Colonel Anderson Parkway.....**Total \$ 60,000.00**



# Request for Taxpayer Identification Number and Certification

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

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

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

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

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

☐ Individual/sole proprietor or single-member LLC

☐ C Corporation

☐ S Corporation

☐ Partnership

☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ► \_\_\_\_\_

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

☒ Other (see instructions) ► \_\_\_\_\_

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

Exempt payee code (if any) \_\_\_\_\_

Exemption from FATCA reporting code (if any) \_\_\_\_\_

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

5 Address (number, street, and apt. or suite no.) See instructions.  
**200 WHITTINGTON PARKWAY, SUITE 100**

6 City, state, and ZIP code  
**LOUISVILLE, KY 40222**

7 List account number(s) here (optional)

## Part I Taxpayer Identification Number (TIN)

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

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

**Social security number**

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

OR

**Employer identification number**

6	1	-	1	0	0	9	6	9	7
---	---	---	---	---	---	---	---	---	---

## Part II Certification

Under penalties of perjury, I certify that:

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

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

Sign  
Here

Signature of  
U.S. person ►

Date ► **3/17/23**

## General Instructions

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

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

## Purpose of Form

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

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
  - Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
  - Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
  - Form 1099-S (proceeds from real estate transactions)
  - Form 1099-K (merchant card and third party network transactions)
  - Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
  - Form 1099-C (canceled debt)
  - Form 1099-A (acquisition or abandonment of secured property)
- Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

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

City of Hurstbourne, Kentucky  
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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Hurstbourne, Kentucky (the City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Hurstbourne, Kentucky, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB schedules on pages 3-10, 38-47 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2022, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Hurstbourne, Kentucky's internal control over financial reporting and compliance.

***Baldwin CPA's, PLLC***

Baldwin CPA's, PLLC

Louisville, Kentucky

May 24, 2022

**City of Hurstbourne, Kentucky  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021**

Our discussion and analysis of the City of Hurstbourne, Kentucky's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2021. Please read the following in conjunction with the City's financial statements, which begin to appear on page 11.

**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 11 and 12) 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 13. 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 statement also report the City's operations in more detail than the government-side statements by providing information about the City's most significant funds.

**FINANCIAL HIGHLIGHTS**

Total revenues of the City increased \$122,123 over the previous fiscal year. The most significant factors influencing this change were:

- Increase in Insurance Premium Tax Revenues of \$49,588
- Increase in Property Tax Revenues of \$29,635
- Increase in Operating Grants and Contributions of \$65,842

Significant revenues for the fiscal year were:

- Property Tax Revenues of \$1,277,885
- Insurance Premium Tax of \$868,637
- Bank Franchise Tax of \$104,305
- Operating Grants and Contributions of \$148,633

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

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

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

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 \$261,762 in fiscal year 2021 as compared to fiscal year 2020 and the total liabilities of the City increased by \$71,963 over the same period of time. The increase in total assets was driven by the surplus from the current year and was primarily reflected in the increase in investments. The increase in liabilities was driven by an increase in the City's share of the unfunded pension liability of CERS and the unfunded other post-employment benefit obligation of CERS.



	2021	2020
<b>Assets</b>		
Current Assets	\$ 2,414,923	\$ 2,184,497
Non-Depreciable Fixed Assets	481,207	481,207
Depreciable Fixed Assets, Net of	1,873,816	1,842,479
Total Assets	\$ 4,769,946	\$ 4,508,183
<b>Deferred Outflows of Resources</b>		
Deferred Amounts Related to Pensions	\$ 78,780	\$ 86,494
Deferred Amounts Related to OPEB	63,781	36,770
Total Deferred Outflows of Resources	\$ 142,561	\$ 123,264
<b>Liabilities</b>		
Current Liabilities	\$ 20,530	\$ 32,752
Long-Term Liabilities	552,512	468,327
Total Liabilities	\$ 573,042	\$ 501,079
<b>Deferred Inflows of Resources</b>		
Deferred Amounts Related to Pensions	\$ 7,700	\$ 14,945
Deferred Amounts Related to OPEB	25,262	32,467
Total Deferred Inflows of Resources	\$ 32,962	\$ 47,412
<b>Net Position</b>		
Invested in Fixed Assets	\$ 2,355,023	\$ 2,323,686
Restricted	2,833	2,081
Unrestricted	1,948,647	1,757,189
Total Net Position	\$ 4,306,503	\$ 4,082,956

#### **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 84.07% and 85.50% of the total revenue collected in the fiscal years ending 2021 and 2020, respectively. Total revenues for the year ended June 30, 2021, were \$2,568,492 which is an increase of \$122,123 over the previous fiscal year. This increase is due mainly to an increase in insurance premium taxes and operating grants and contributions. The City \$75,881 in FY 2021 from the Kentucky Department of Local Government related to COVID Relief Funds Revenues are reported as follows:

	2021		2020	
	Amount	Percentage	Amount	Percentage
<b>Program Revenues</b>				
Charges for Service	\$ 79,903	3.11%	\$ 107,998	4.41%
Operating Grants and Contributions	148,633	5.79%	82,791	3.38%
Capital Grants and Contributions	-	0.00%	20,000	0.82%
<b>Total Program Revenues</b>	<b>228,536</b>	<b>8.90%</b>	<b>210,789</b>	<b>8.62%</b>
<b>General Revenues</b>				
Property Taxes	1,277,885	49.75%	1,248,250	51.02%
Insurance Tax	868,637	33.82%	819,049	33.48%
Bank Franchise Tax	104,305	4.06%	71,791	2.93%
Cable Franchise Tax	42,961	1.67%	44,246	1.81%
Intergovernmental	3,356	0.13%	39	0.00%
Miscellaneous	3,836	0.15%	1,596	0.07%
Investment Income	7,659	0.30%	33,170	1.36%
Penalties & Interest	6,334	0.25%	7,369	0.30%
Gain on Investments	24,983	0.97%	10,070	0.41%
<b>Total General Revenues</b>	<b>2,339,956</b>	<b>91.10%</b>	<b>2,235,580</b>	<b>91.38%</b>
<b>Total Revenues</b>	<b>\$ 2,568,492</b>	<b>100.00%</b>	<b>\$ 2,446,369</b>	<b>100.00%</b>

### Governmental Expenditures

Expenditures for the year ended June 30, 2021, were \$2,344,945 which represents an increase of \$69,679 over the previous fiscal year. Expenditures increased mainly due to increases on General Government and Public Safety. Expenditures are reported as follows:

	2021		2020	
	Amount	Percentage	Amount	Percentage
<b>Program Expenses:</b>				
General Government	\$ 611,176	26.06%	\$ 567,361	24.94%
Public Safety	218,453	9.32%	191,073	8.40%
Public Works	1,033,340	44.07%	1,019,789	44.82%
Sanitation	476,002	20.30%	473,187	20.80%
Community Development	5,974	0.25%	23,856	1.05%
<b>Total Expenses</b>	<b>\$ 2,344,945</b>	<b>100.00%</b>	<b>\$ 2,275,266</b>	<b>100.00%</b>

**Excess of Revenues over Expenditures**

	2021	2020
Total Revenues	\$ 2,568,492	\$ 2,446,369
Total Expenses	2,344,945	2,275,266
Excess of Revenues Over Expenses	<u>\$ 223,547</u>	<u>\$ 171,103</u>

**Change in Net Position**

	2021	2020
Beginning Net Position	\$ 4,082,956	\$ 3,911,853
Increase in Net Position	223,547	171,103
Ending Net Position	<u>\$ 4,306,503</u>	<u>\$ 4,082,956</u>

**FIXED ASSETS**

For the year ended June 30, 2021, the City had \$4,199,996 invested in fixed assets including land, buildings, equipment, and infrastructure. A schedule of the changes in fixed assets during this fiscal year is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Governmental Activities</b>				
Non-depreciable Assets:				
Land	\$ 481,207	\$ -	\$ -	\$ 481,207
Total non-depreciable assets	<u>481,207</u>	<u>-</u>	<u>-</u>	<u>481,207</u>
Depreciable Assets:				
Building and Improvements	797,428	-	-	797,428
Equipment	12,299	-	-	12,299
Infrastructure	2,601,969	307,093	-	2,909,062
Total depreciable assets	<u>3,411,696</u>	<u>307,093</u>	<u>-</u>	<u>3,718,789</u>
Total fixed assets	<u>3,892,903</u>	<u>307,093</u>	<u>-</u>	<u>4,199,996</u>
Accumulated Depreciation:				
Building and Improvements	145,791	32,611	-	178,402
Equipment	12,299	-	-	12,299
Infrastructure	1,411,127	243,146	-	1,654,273
Total accumulated depreciation	<u>1,569,217</u>	<u>582,850</u>	<u>-</u>	<u>1,844,974</u>
Governmental activities fixed assets, net	<u>\$ 2,323,686</u>	<u>\$ (275,757)</u>	<u>\$ -</u>	<u>\$ 2,355,022</u>

This year's major fixed asset additional were:

Street Paving	\$ 307,093
	<u>\$ 307,093</u>

## PENSIONS

Current accounting standards require governmental entities to recognize certain financial statements amounts related to pensions. In addition to these financial statement items, there are also note disclosure requirements (Note 7) and tables to be included as required supplementary information. The measurement date for the net pension liability is June 30, 2020.

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

	As Reported in the Audit for the Fiscal Year Ending June 30th:	
	2021	2020
Pension Obligations	\$ 420,235	\$ 377,956
Deferred Outflows Related to Pensions	\$ 78,780	\$ 86,494
Deferred Inflows Related to Pensions	\$ 7,700	\$ 14,945

## OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Current accounting standards require governmental entities to recognize certain financial statements amounts related to OPEB. In addition to these financial statement items, there are also note disclosure requirements (Note 8) and tables to be included as required supplementary information. The measurement date for the net pension liability is June 30, 2020.

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

	As Reported in the Audit for the Fiscal Year Ending June 30th:	
	2021	2020
Other Post Employment Benefit (OPEB) Obligation	\$ 132,277	\$ 90,371
Deferred Outflows Related to OPEB	\$ 63,782	\$ 36,770
Deferred Inflows Related to OPEB	\$ 25,262	\$ 32,467

## **REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

### **Fund Financial Statements**

Our analysis of the City's major funds begins on page 13. 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 future periods. 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 separate reconciliation statement after each fund financial statement.

### **GENERAL FUND BUDGETARY FUND HIGHLIGHTS**

For the year ended June 30, 2021, general fund revenues of \$2,489,919 were \$184,977 more than the \$2,304,942 budgeted. Revenue sources with a budget shortfall included property taxes and base court revenue. For the year ended June 30, 2021, general fund expenditures of \$2,325,844 were \$234,604 less than the \$2,560,448 budgeted. The City did not exceed budget in any departments during this fiscal year.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Property tax revenues are expected to increase again due to increased values of commercial properties resulting from commercial developments and increased values of residential properties. The economic outlook calls for slowed growth coupled with intensified inflation over the upcoming fiscal year.

Total revenues increased by \$122,123 over the previous year while expenses increased by \$69,679. The City had an excess of revenues over expenditures for the year of \$223,547. The "bottom line" of the City of Hurstbourne continues to be strong with excess reserve funds and no debt.

The upcoming budget includes continued reinvestment in City assets including roads, sidewalks, irrigation systems, signage, lighting, and storm water drainage improvements. These projects should represent the bulk of non-maintenance expenses for the upcoming fiscal year. Additionally, the mandated employer contribution rate to the Kentucky CERS pension fund is expected to increase substantially. All of the above listed expenses are to be paid from general revenues and grant proceeds which are appropriated in the upcoming budget.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

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

**City of Hurstbourne, Kentucky**  
**Statement of Net Position**  
**June 30, 2021**

	<b>Primary Government Governmental Activities</b>
<b>Assets</b>	
Current Assets	
Cash and cash equivalents	\$ 500,085
Investments	1,649,753
Receivables	221,271
Prepaid expenses	43,814
Total current assets	<u>2,414,923</u>
Noncurrent assets	
Capital assets	
Non-Depreciable Capital Assets	481,207
Depreciable Capital Assets, net	1,873,816
Total noncurrent assets	<u>2,355,023</u>
Total assets	4,769,946
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pension	78,780
Deferred outflows - OPEB	63,781
Total deferred outflows of resources	<u>142,561</u>
Total assets and deferred outflows of resources	<u><u>\$ 4,912,507</u></u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 18,126
Tenant deposits	2,404
Total current liabilities	<u>20,530</u>
Noncurrent liabilities	
Net pension liability	420,235
Net OPEB liability	132,277
Total noncurrent liabilities	<u>552,512</u>
Total liabilities	573,042
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pension	7,700
Deferred inflows - OPEB	25,262
Total deferred inflows of resources	<u>32,962</u>
<b>Net Position</b>	
Net invested in capital assets	2,355,023
Restricted for	
Roads	2,833
Unrestricted	1,948,647
Total net position	<u>4,306,503</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 4,912,507</u></u>

See accompanying notes to financial statements.

**City of Hurstbourne, Kentucky**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues			Primary Government Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government</b>					
<b>Governmental Activities</b>					
General government	\$ 611,176	\$ 79,903	\$ -	\$ -	\$ (531,273)
Public works	1,033,340	-	72,752	-	(960,588)
Public safety	218,453	-	75,881	-	(142,572)
Sanitation	476,002	-	-	-	(476,002)
Community development	5,974	-	-	-	(5,974)
Total governmental activities	<u>2,344,945</u>	<u>79,903</u>	<u>148,633</u>	<u>-</u>	<u>(2,116,409)</u>
<b>Total Primary Government</b>	<u>\$ 2,344,945</u>	<u>\$ 79,903</u>	<u>\$ 148,633</u>	<u>\$ -</u>	<u>(2,116,409)</u>
<b>General revenues</b>					
Taxes:					
Property taxes					1,277,885
Insurance tax					868,637
Bank franchise tax					104,305
Cable franchise tax					42,961
Intergovernmental					3,356
Interest and Penalties					6,334
Investment income					7,659
Gains on investments					24,983
Other income					<u>3,836</u>
Total general revenues					<u>2,339,956</u>
Change in net position					223,547
Net position, beginning					<u>4,082,956</u>
Net Position, ending					<u>\$ 4,306,503</u>



**City of Hurstbourne, Kentucky**  
**Balance Sheet - Governmental Funds**  
**June 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash	\$ 497,252	2,833	\$ 500,085
Investments	1,649,753	-	1,649,753
Receivables	221,271	-	221,271
Prepaid Expenses	43,814	-	43,814
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 2,412,090</u>	<u>\$ -</u>	<u>\$ 2,414,923</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 18,126	\$ -	\$ 18,126
Tenant deposits	2,404	-	2,404
Total liabilities	<u>20,530</u>	<u>-</u>	<u>20,530</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	16,504	-	16,504
Total Deferred Inflows of Resources	<u>16,504</u>	<u>-</u>	<u>16,504</u>
<b>Fund Balances</b>			
Nonspendable	43,814	-	43,814
Restricted	-	2,833	2,833
Committed	397,986	-	397,986
Assigned	255,506	-	255,506
Unassigned	1,677,750	-	1,677,750
Total fund balance	<u>2,375,056</u>	<u>2,833</u>	<u>2,377,889</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,412,090</u>	<u>\$ 2,833</u>	<u>\$ 2,414,923</u>

See accompanying notes to financial statements.

**City of Hurstbourne, Kentucky**  
**Governmental Funds**  
**Reconciliation of the Balance Sheet to the Statement of Net Position**  
**June 30, 2021**

Fund balances- total governmental funds	\$ 2,377,889
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements, net of accumulated depreciation of \$1,844,974.	2,355,023
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Certain property tax and code enforcement revenues are earned but not available and therefore are shown as unavailable revenue in the fund financial statements	16,504
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Deferred outflows and inflows used in governmental activities are not financial resources and therefore are not reported in the governmental funds:

Deferred outflows related to pension and OPEB	142,561	
Deferred inflows related to pension and OPEB	(32,962)	109,599

Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position.

Net pension liability	(420,235)	
Net OPEB liability	(132,277)	(552,512)

Net Position of governmental activities	<u>\$ 4,306,503</u>
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**City of Hurstbourne, Kentucky**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balances - Governmental Funds**  
**For the Year Ended June 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Property taxes	\$ 1,272,064	\$ -	\$ 1,272,064
Bank franchise tax	104,305	-	104,305
Cable franchise tax	42,961	-	42,961
Insurance tax	868,637	-	868,637
Intergovernmental	79,237	72,752	151,989
License and permits	43,645	-	43,645
Charges for services	36,258	-	36,258
Investment income	7,659	-	7,659
Realized gains on investments	24,983	-	24,983
Interest and penalties	6,334	-	6,334
Other income	3,836	-	3,836
<b>Total revenue</b>	<u>2,489,919</u>	<u>72,752</u>	<u>2,562,671</u>
<b>Expenditures</b>			
General government	524,891	-	524,891
Public works	793,431	-	793,431
Public safety	218,453	-	218,453
Sanitation	476,002	-	476,002
Community development	5,974	-	5,974
Capital outlay	307,093	-	307,093
<b>Total expenditures</b>	<u>2,325,844</u>	<u>-</u>	<u>2,325,844</u>
<b>Excess of revenues over (under) expenditures</b>	164,075	72,752	236,827
<b>Other financing sources (uses):</b>			
Transfers	72,000	(72,000)	-
<b>Total other financing uses</b>	<u>72,000</u>	<u>(72,000)</u>	<u>-</u>
<b>Net change in fund balance</b>	236,075	752	236,827
<b>Fund balances, beginning</b>	<u>2,138,981</u>	<u>2,081</u>	<u>2,141,062</u>
<b>Fund balances, ending</b>	<u><u>\$ 2,375,056</u></u>	<u><u>\$ 2,833</u></u>	<u><u>\$ 2,377,889</u></u>

See accompanying notes to financial statements.

City of Hurstbourne, Kentucky  
 Governmental Funds  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balance to the Statement of Activities  
 For the Year Ended June 30, 2021

Net change in fund balances - total governmental funds	\$	236,827
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Amounts reported for governmental activities in the Statement  
 of Activities are different because:

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

Capital asset expenditures capitalized	307,093		
Depreciation expense	<u>(275,757)</u>		31,336

Some property taxes and code enforcement liens will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are shown as deferred inflows in the fund financial statements. Unavailable revenues decreased by this amount this year.		5,821
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Some expenses reported in the statement of activities do not require  
 the use of current financial resources and therefore are not reported  
 as expenditures in the governmental funds. This is the amount  
 related to the net pension liability.

Change in net pension liability	(42,748)		
Change in net OPEB liability	<u>(7,690)</u>		<u>(50,438)</u>

Change in Net Position of Governmental Activities	\$	<u>223,546</u>
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City of Hurstbourne, Kentucky  
Notes to Financial Statements (Continued)  
June 30, 2021

**Note 1 – Summary of Significant Accounting Policies**

**Financial Reporting Entity**

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

All significant activities and organizations on which the City of Hurstbourne, Kentucky exercises oversight responsibility have been included in the City's financial statements for the year ended June 30, 2021. 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.

**Basis of Presentation**

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 government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the City are classified as governmental activities; the City has no business-type activities.

**Government-wide Financial Statements**

These financial statements display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. In the statement of net position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The statement of activities reports both the gross and net cost of each of the City's functions (general government, public safety, public works, etc.). The functions are also supported by general government revenues (property taxes, insurance, taxes, bank deposit taxes and certain intergovernmental revenues, etc.). The statement 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.

City of Hurstbourne, Kentucky  
Notes to Financial Statements (Continued)  
June 30, 2021

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation (Continued)**

**Government-wide Financial Statements (Continued)**

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**

Fund financial statements report detailed information about the City. The accounts of the City are organized on the basis of funds each of which is considered to be a separate fiscal and accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that is comprised of its assets, liabilities, reserves, fund equity, revenues and expenditures or expenses. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets and deferred outflows 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 following funds are used by the City of Hurstbourne:

**Governmental 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:

**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 specific purposes. The City has one such fund, the Municipal Road Aid Fund, which is used to account for state road funds that are allocated to the City by the State of Kentucky and it is considered to be a major fund.

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

City of Hurstbourne, Kentucky  
Notes to Financial Statements (Continued)  
June 30, 2021

**Note 1 - Summary of significant accounting policies (continued)**

**Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within 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 balances 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 with the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities result 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.

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 include certificates of deposits and mutual funds invested with the Kentucky League of Cities investment pool. Investments are valued at fair market value, which is based on quoted market price.

City of Hurstbourne, Kentucky  
Notes to Financial Statements (Continued)  
June 30, 2021

Note 1 - Summary of significant accounting policies (continued)

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 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.

Capital 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.

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:

Infrastructure	5-40 years
Buildings	25-40 years
Improvements	10-40 years
Vehicles, furniture, and equipment	5-20 years



City of Hurstbourne, Kentucky  
Notes to Financial Statements (Continued)  
June 30, 2021

Note 1 - Summary of significant accounting policies (continued)

Deferred Outflow/Inflow of Resources

**Deferred Outflows:**

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

**Deferred Inflows:**

The City reports increases in net position/fund balances that related to future periods as deferred inflows of resources in a separate section of its government-wide statement of net position/fund financials balance sheet - governmental funds. Deferred inflows of resources reported in the government-wide financial statements consisted of amounts related to pensions/OPEBs as reported to the City by KRS; additionally, unavailable revenue from the advance receipt of revenues is reported as a deferred inflow as well. In the fund financial statements, the unavailable revenue previously discussed is included here as well as one other item which occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the fiscal year) under the modified accrual basis of accounting that qualified for reporting in this category. Accordingly, deferred inflows are reported in the fund financials balance sheet - governmental funds related to unavailable tax revenue.

Accounts Payable

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

Long-term Liabilities

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

Long-term debt of governmental funds is 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:

City of Hurstbourne, Kentucky  
Notes to Financial Statements (Continued)  
June 30, 2021

Note 1 - Summary of significant accounting policies (continued)

Equity Classifications (continued)

Government-Wide Financial Statements (continued)

- 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. The City has \$2,833 of restricted fund balance at June 30, 2021, related to road maintenance.
- 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. The City has \$397,986 of committed fund balance at June 30, 2021, by action of the City Commission for storm drainage.
- 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. The City had \$255,506 of assigned fund balance by passage of the next year's budget.
- 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.

Property Tax Revenue

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

The City assesses property taxes on January 1, and bills are due and payable by November 30<sup>th</sup> in the year assessed. Bills paid prior to August 31<sup>st</sup> are given a 5% discount. Bills are paid from September 1<sup>st</sup> to November 30<sup>th</sup> are payable at the full-face amount of the bill. All bills paid on or after December 1<sup>st</sup> are charged a 10% penalty and 1½% interest per month until collected. On bills collected after January 1<sup>st</sup> of the following year, and 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

City of Hurstbourne, Kentucky  
Notes to Financial Statements (Continued)  
June 30, 2021

Note 1 - Summary of significant accounting policies (continued)

Property Tax Revenue (continued)

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.

Property tax revenue is shown net of property tax discounts in the amount \$59,445 and refunds of \$607.

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. All deposits maintained by such institutions are assessed at the rate of 0.000250. Bills are issued prior to December 1<sup>st</sup> of each year. Any payment received prior to December 31<sup>st</sup> will be allowed a 2% discount; bills paid before January 31<sup>st</sup> of the following year will not receive any discount nor be assessed any penalties. Bills paid after January 31<sup>st</sup> shall be deemed delinquent and shall be subject to a penalty of 10% and shall bear interest at the rate of 12% per annum.

Business License

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

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function. In the fund financial statements 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 conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management's Review of Subsequent Events

The City has evaluated and considered the need to recognize or disclose subsequent events through May 24, 2022, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the fiscal year ended June 30, 2021, have not been evaluated by the City.

City of Hurstbourne, Kentucky  
Notes to Financial Statements (Continued)  
June 30, 2021

Note 1 - Summary of significant accounting policies (continued)

The following statements will become effective in future periods:

GASB Statement No. 87—In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement is effective for the reporting periods beginning after July 15, 2021, or the 2021-22 fiscal year. The City has not determined the effect of this pronouncement.

Note 2 – Deposits and Investments

Under Kentucky Revised Statute 66.480 the City is allowed to invest in obligations of the U.S. Treasury and U.S. obligations backed by the full faith and credit of the U.S. or a U.S. government agency, obligations of any corporation of the U.S. government, certificates of deposit or other interest-bearing accounts issued by institutions insured by the Federal Deposit Insurance Corporation (FDIC) or similarly collateralized institutions, and bonds and securities of states, local governments, or related agencies in the U.S. rated in one of the three highest categories by a nationally recognized rating agency. In addition, authorized investment instruments can include shares of mutual funds and money markets that meet certain required characteristics.

The deposits in excess of insurance coverage must be fully collateralized. The City typically invest 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

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. In order to anticipate market changes and provide a level of security for all funds, the collateralization level shall be one hundred percent of the market value of the principal, plus accrued interest.

The City considers this risk immaterial and as of June 30, 2021, \$141,773 of the government's bank balance of 1,897,994 including certificates of deposits shown as investments in the financial statements, was exposed to custodial credit risk as follows.

Uninsured and collateral held by pledging bank	\$	83,874
Uninsured and uncollateralized		141,773
Insured by FDIC		1,672,347
Total	\$	<u>1,897,994</u>

City of Hurstbourne, Kentucky  
Notes to Financial Statements (Continued)  
June 30, 2021

**Note 2 – Deposits and Investments (continued)**

**Concentration of Credit Risk**

Concentration of credit risk 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 the FDIC insurance.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. 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, 2021, consisted of certificates of deposit with local financial institutions. The market value and the costs of these investments were essentially the same at June 30, 2021.

As permitted by state statute, the City has also invested funds in the Kentucky League of Cities (KLC) Investment Pool. At June 30, 2021, the balance of this investment was \$376,238. The City has recognized investments gains of \$24,984 on these investments during year ended June 30, 2021.

**Credit Risk**

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2021, the City's investments were comprised of certificate of deposits, equity securities, and cash.

Investments of the City as of June 30, 2021, are summarized and categorized below in the following table:

Investments Type	Fair Value	Investment Maturities		
		1 year or Less	1-5 Years	More than 5 Years
Certificate of deposit	\$ 1,273,515	\$ 1,025,465	\$ 248,050	\$ -
Equity mutual funds	376,238	376,238	-	-
<b>Total</b>	<b>\$ 1,649,753</b>	<b>\$ 1,401,703</b>	<b>\$ 248,050</b>	<b>\$ -</b>

City of Hurstbourne, Kentucky  
Notes to Financial Statements (Continued)  
June 30, 2021

**Note 2 – Deposits and Investments (continued)**

**Fair Value Measurement**

The City categorizes its fair value measurements within the fair value hierarchy established by the generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2021:

Investments by Fair Value Level	June 30, 2021	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificate of deposit	\$ 1,273,515	\$ -	\$ 1,273,515	\$ -
Equity mutual funds	376,238	376,238	-	-
<b>Total</b>	<b>\$ 1,649,753</b>	<b>\$ 376,238</b>	<b>\$ 1,273,515</b>	<b>\$ -</b>

**Note 3 - Receivables**

Receivables at year end of the City's major individual funds, including the applicable allowances for uncollectible accounts are as follows:

Receivable Type	Statement of Net Position	Balance Sheet - Governmental Funds	
	Governmental Activities	General Fund	Special Revenue Fund
Property Tax	\$ 16,504	\$ 16,504	\$ -
Insurance Tax	196,998	196,998	-
Other	7,769	7,769	-
Gross receivables	221,271	221,271	-
Less: allowance for uncollectible	-	-	-
Net receivables	<b>\$ 221,271</b>	<b>\$ 221,271</b>	<b>\$ -</b>

City of Hurstbourne, Kentucky  
Notes to Financial Statements (Continued)  
June 30, 2021

**Note 4 - Capital assets**

A summary of capital asset activity during the fiscal year follows:

	July 1, 2020	Additions	Deductions	June 30, 2021
<b>Governmental Activities:</b>				
Capital assets not depreciated:				
Land	\$ 481,207	\$ -	\$ -	\$ 481,207
Totals	<u>481,207</u>	<u>-</u>	<u>-</u>	<u>481,207</u>
Capital assets being depreciated:				
Buildings and improvements	797,429	-	-	797,429
Equipment	12,299	-	-	12,299
Infrastructure assets	2,601,969	307,093	-	2,909,062
Total depreciable assets	<u>3,411,697</u>	<u>307,093</u>	<u>-</u>	<u>3,718,790</u>
Less accumulated depreciation:				
Buildings and improvements	145,791	32,611	-	178,402
Equipment	12,299	-	-	12,299
Infrastructure assets	1,411,127	243,146	-	1,654,273
Totals	<u>1,569,217</u>	<u>275,757</u>	<u>-</u>	<u>1,844,974</u>
Depreciable capital assets, net	<u>1,842,480</u>	<u>31,336</u>	<u>-</u>	<u>1,873,816</u>
Total capital assets, net	<u>\$ 2,323,687</u>	<u>\$ 31,336</u>	<u>\$ -</u>	<u>\$ 2,355,023</u>

Depreciation expense was charged to the Governmental functions as follows:

General government	\$ 35,848
Public Works	239,909
Total depreciation expense	<u>\$ 275,757</u>

**Note 5 – Operating Leases**

Rental Income (City is the Lessor)

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 eight other separate office spaces that can be rented. At June 30, 2021, the City was landlord in the following lease agreements:

Suite 101: Two-year lease commencing on October 1, 2019, and ending on September 30, 2021. The agreement calls for the tenant to make a \$900 security deposit and then monthly rent payments of \$1,200 or a one-time payment of \$14,000. Cleaning service can be provided upon request of the tenant for an additional \$75 per month.

Suite 203: Two-year lease commencing on March 1, 2020, and ending on February 28, 2022. The agreement calls for the tenant to make a \$190 security deposit and then monthly rent payments of \$190 or a one-time payment of \$2,280.

Suite 204A: Two-year lease commencing on October 1, 2019, and ending on September 30, 2021. The agreement calls for the tenant to make a \$245 security deposit and then monthly rent payments of \$245 or a one-time payment of \$2,940.

City of Hurstbourne, Kentucky  
Notes to Financial Statements (Continued)  
June 30, 2021

**Note 5 – Operating Leases (continued)**

Suite 204B: Two-year lease commencing on October 1, 2019, and ending on September 30, 2021. The agreement calls for the tenant to make a \$234 security deposit and then monthly rent payments of \$234 or a one-time payment of \$2,808.

Suite 204C: Nineteen-month lease commencing on March 1, 2020, and ending on September 30, 2021. The agreement calls for the tenant to make a \$285 security deposit and then monthly rent payments of \$285 or a one-time payment of \$3,420.

Rental income in the amount of \$36,258 was recognized for the fiscal year ending June 30, 2021. Future payments to be received under these leases for the years ended June 30, are as follows:

2022	\$7,397
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The total cost of the property acquired by the City for use of the city hall, as well as the additional office space that is rented out, and subsequent improvements was \$797,428 (excluding land with a value of \$428,032) with accumulated depreciation of \$178,403 at June 30, 2021.

Rent Expense (City is the Lessee)

In April 2017, the City entered into an agreement to lease a copier for sixty months. The lease requires monthly payments of \$92.99 which includes a monthly allotment of 1,500 black and white pages per month as well as all parts, labor, service calls, preventative maintenance, drums, and toner developer.

Future payments required by this agreement, excluding per page overage charges are as follows:

2022	\$921
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**Note 6 – Transfers**

The following were made during the year:

Fund	Transfers In	Transfers Out
General Fund	\$ 72,000	\$ -
Special Revenue Fund	-	72,000
Total	<u>\$ 72,000</u>	<u>\$ 72,000</u>

The primary purpose of the interfund transfers for the Special Revenue Fund was to transfer funds for the purpose of capital outlay.

**Note 7 - Retirement plan**

**County Employees' Retirement System (CERS)**

The City of Hurstbourne is a participating employer of the County Employees' Retirement System. Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Retirement Systems administers the CERS. The plan issues publicly available financial statements, which may be downloaded from the Kentucky Retirement Systems website.

*Plan Description* – CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, and



City of Hurstbourne, Kentucky  
Notes to Financial Statements (Continued)  
June 30, 2021

Note 7 - Retirement plan (continued)

County Employees' Retirement System (CERS) (continued)

school board, and any additional eligible local agencies electing to participate in the System. 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. Cost-of-living adjustments (COLA) are provided at the discretion of state legislature.

*Contributions* – For the year ended June 30, 2021, plan members were required to contribute 5.00% of wages for non-hazardous job classifications. Employees hired after September 1, 2008, are required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were 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 based on an annual valuation last proceeding 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 based on a subsequent actuarial valuation that amended contributions rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the year ended June 30, 2021, participating employers contributed 24.06% of each employee's wages, which is equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

Plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Plan members contribute 5.00% of wages to their own account and 1% to the health insurance fund. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of each member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. For non-hazardous members, their account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

The City contributed \$32,813 for the year ended June 30, 2021, or 100% of the required contribution. The contribution was allocated \$26,321 to the CERS pension fund and \$6,492 for the CERS insurance fund.

*Benefits* – CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service. For retirement purposes, employees are grouped into three tiers based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years' service or 65 years old
	Reduced retirement	At least 5 years' service and 55 years old 25 years' service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years' service and 65 years old or age 57+ with sum of service years plus age equal 87+
	Reduced retirement	At least 10 years' service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years' service and 65 years old or age 57+ with sum of service years plus age equal 87+
	Reduced retirement	Not available

City of Hurstbourne, Kentucky  
Notes to Financial Statements (Continued)  
June 30, 2021

**Note 7 - Retirement plan (continued)**

Cost of living adjustments are provided at the discretion of the General Assembly of the State of Kentucky. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

*Pension Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources -*

At June 30, 2021, the City reported a liability of \$420,235 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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 a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the City's proportion was .00548 percent, which was an increase of .00011 percent from its proportion at June 30, 2019 (.00537 percent).

For the year ended June 30, 2021, the City recognized pension expense of \$69,071. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 10,479	\$ -
Changes of assumptions	16,409	-
Net difference between projected and actual earnings on Plan investments	18,216	7,700
Changes in proposition and differences between City contributions and proportionate share of contributions	7,354	-
City contributions subsequent to the measurement date	26,322	-
<b>Total</b>	<b>\$ 78,780</b>	<b>\$ 7,700</b>

The \$26,322 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,

2022	\$ 20,918
2023	14,188
2024	5,429
2025	4,223

City of Hurstbourne, Kentucky  
Notes to Financial Statements (Continued)  
June 30, 2021

**Note 7 - Retirement plan (continued)**

***Actuarial Methods and Assumptions***

For financial reporting, the actuarial valuation as of June 30, 2020, was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability, and sensitivity information as of June 30, 2020 were based on an actuarial valuation date of June 30, 2019. The total pension liability was rolled-forward from the valuation date (June 30, 2019) to the plan's fiscal year ending June 30, 2020, using generally accepted actuarial principles.

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2020:

Valuation Date	June 30, 2018
Experience Study	July 1, 2013 – June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of pay
Remaining Amortization Period	25 years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 11.55%, varies by service
Investment Rate of Return	6.25%

The mortality table used for active members was a Pub-2010 General Mortality table, for the Nonhazardous System, and the Pub-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2020. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

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

***Discount Rate***

The projection of cash flows used to determine the discount rate of 6.25% for CERS Non-hazardous and CERS Hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate.

City of Hurstbourne, Kentucky  
Notes to Financial Statements (Continued)  
June 30, 2021

**Note 7 - Retirement plan (continued)**

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

Asset Class	Long-Term Expected Rate of Return	Target Allocation
U.S. Equity	4.50%	18.75%
Non-U.S. Equity	5.25%	18.75%
Core Bonds	-0.25%	13.50%
Specialty Credit/ High Yield	3.90%	15.00%
Real Estate	5.30%	5.00%
Opportunistic Return	2.25%	3.00%
Real Return	3.95%	15.00%
Private Equity	6.65%	10.00%
Cash	-0.75%	1.00%
		<u>100.00%</u>

*Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*  
The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.25 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

	Discount Rate	City's proportionate share of net pension liability
1% decrease	5.25%	\$ 518,241
Current discount rate	6.25%	\$ 420,235
1% increase	7.25%	\$ 339,082

*Payable to the Pension Plan* – At June 30, 2021, the City reported a payable of \$0 for the outstanding amount of contributions to the pension and OPEB plans required for the year ended June 30, 2021. The payable includes both the pension and insurance contribution allocation.

City of Hurstbourne, Kentucky  
Notes to Financial Statements (Continued)  
June 30, 2021

**Note 8 – Post-Employment Benefits Other than Pensions (OPEB)**

At June 30, 2020, the net OPEB liability and the related deferred outflows of resources and deferred inflows of resources are as follows:

Deferred Outflows of Resources	<u>\$ 63,783</u>
Deferred Inflows of Resources	<u>\$ 25,262</u>
Net OPEB Liability:	<u>\$ 132,277</u>

***Plan Description***

Employees of the City are provided hospital and medical insurance through the Kentucky Retirement Systems' Insurance Fund (Insurance Fund), a cost-sharing multiple-employer defined benefit OPEB plan. The KRS was created by state statute under Kentucky Revised Statute Section 61.645. The KRS Board of Trustees is responsible for the proper operation and administration of the KRS. The KRS issues a publicly available financial report that can be obtained by writing to Kentucky Retirement System, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (502) 564-4646.

***Benefits provided.*** The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. Because of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of 10 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.

***Contributions***

Contribution requirements of the participating employers are established and may be amended by the KRS Board of Trustees. The City has contractually required contribution rate for the year ended June 30, 2021 was 4.76% of covered payroll. Contributions to the Insurance Fund from the City were \$6,492 for the year ended June 30, 2021. Employees that entered the plan prior to September 1, 2008 are not required to contribute to the Insurance Fund. Employees that entered the plan after September 1, 2008 are required to contribute 1% of their annual creditable compensation which is 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 105 KAR 1:420E).

***Net OPEB Liability***

For financial reporting the actuarial valuation as of June 30, 2020, was performed by Gabriel Roeder Smith (GRS). The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2020, were based on an actuarial valuation date of June 30, 2018. The total OPEB liability was rolled-forward from the valuation date (June 30, 2019) to the plan's fiscal year ending June 30, 2020, using generally accepted actuarial principles.

City of Hurstbourne, Kentucky  
Notes to Financial Statements (Continued)  
June 30, 2021

**Note 8 – Post-Employment Benefits Other than Pensions (OPEB) (continued)**

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2020:

Valuation Date	June 30, 2018
Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of pay
Remaining Amortization Period	25 years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 11.55%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rate	
Pre-65	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
Post – 65	Initial trends starting at 5.00% and gradually decreasing to an ultimate Trend rate of 4.05% over a period of 10 years.

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 one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set-back four years for males) is used for the period after disability retirement.

***Discount Rate***

Single discount rate of 5.34% for the non-hazardous system was used to measure the total OPEB liability as of June 30, 2020. The single discount rate is based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 2.45%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2020. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the System's actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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

City of Hurstbourne, Kentucky  
Notes to Financial Statements (Continued)  
June 30, 2021

**Note 8 – Post-Employment Benefits Other than Pensions (OPEB) (continued)**

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

Asset Class	Long-Term Expected Rate of Return	Target Allocation
U.S. Equity	4.50%	18.75%
Non-U.S. Equity	5.25%	18.75%
Core Bonds	-0.25%	13.50%
Specialty Credit/ High Yield	3.90%	15.00%
Real Estate	5.30%	5.00%
Opportunistic Return	2.25%	3.00%
Real Return	3.95%	15.00%
Private Equity	6.65%	10.00%
Cash	-0.75%	1.00%
		<u>100.00%</u>

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*

The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.34%) or one percentage point higher (6.34%) follows:

	Discount Rate	City's proportionate share of net OPEB liability
1% decrease	4.34%	\$ 169,937
Current discount rate	5.34%	\$ 132,277
1% increase	6.34%	\$ 101,346

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates*

The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates follows:

Healthcare Cost Trend Rate	City's proportionate share of net OPEB liability
1% decrease	\$ 102,415
Current healthcare rate	\$ 132,277
1% increase	\$ 168,515

City of Hurstbourne, Kentucky  
Notes to Financial Statements (Continued)  
June 30, 2021

**Note 8 – Post-Employment Benefits Other than Pensions (OPEB) (continued)**

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

At June 30, 2021, the City reported a liability of \$132,277 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the collective net OPEB liability and OPEB expense was determined using the employers' actual contributions for fiscal year 2020. This method to be reflective of the employers' long-term contribution effort. At June 30, 2020, the City's proportion was 0.005478%

For the year ended June 30, 2021, the City recognized OPEB expense of \$18,263. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contribution and proportionate share of contribution	\$ 1,840	\$ 305
Implicit subsidy	3,244	-
Differences between expected and actual results	22,101	22,118
Changes of assumptions	23,008	140
Net difference between projected and actual earnings on Plan investments	7,096	2,699
City contributions subsequent to the measurement date	6,492	-
Total	<u>\$ 63,781</u>	<u>\$ 25,262</u>

The \$6,492 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ending June 30,	
2022	\$ 7,599
2023	8,900
2024	6,406
2025	6,155
2026	(277)
Thereafter	-

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. Those changes in net OPEB liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.



City of Hurstbourne, Kentucky  
Notes to Financial Statements (Continued)  
June 30, 2021

**Note 9 - 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; injuries to employees; and natural disasters. In addition to its general liability insurance, the city also carries commercial insurance for all other risks of loss such as worker's compensation and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 10 - Contingencies**

The City is involved in various legal proceedings incidental to the normal course of business. The 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 11 – COVID-19 Pandemic**

During 2020, various restrictions were placed on travel and business across the United States in response to the COVID-19 pandemic. The duration and pervasiveness of these restrictions are uncertain as of the date of these financial statements. The City is evaluating the impact of COVID-19 and related responses on the operations and finances of the City. Restrictions placed on the local businesses could negatively impact the City's revenue and expenses for an unknown period of time. At this time, a specific estimate of the impact could not reasonably be determined due to a number of unknown factors regarding the severity and duration of the event.

**Note 12 – Subsequent Events**

The City has evaluated subsequent events through May 24, 2022, the date which the financial statements were available to be issued.

In July 2021, the City received approximately \$568,000 from the Commonwealth of Kentucky related to the American Relief Plan Act.

## **SUPPLEMENTAL INFORMATION**

**City of Hurstbourne, Kentucky**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 1,319,844	\$ 1,319,844	\$ 1,272,064	\$ (47,780)
Insurance premium tax	760,000	760,000	868,637	108,637
Bank franchise	104,000	104,000	104,305	305
Cable franchise	28,000	28,000	42,961	14,961
License and Permits:				
Sign permits	7,000	7,000	7,628	628
Alcohol license fee	21,450	21,450	25,217	3,767
Business license	10,000	10,000	10,575	575
Home occupation income	600	600	225	(375)
Intergovernmental:				
Base court revenue	5,000	5,000	3,246	(1,754)
Coal and mineral income	200	200	110	(90)
COVID relief funds	-	-	75,881	75,881
Charges for Services:				
Rents	25,848	25,848	36,258	10,410
Interest and penalties	4,000	4,000	6,334	2,334
Other income	2,000	2,000	3,836	1,836
Realized gains on investments	17,000	17,000	24,983	7,983
Investment income	-	-	7,659	7,659
Total Revenues Before Prior Year Fund Balance	<u>2,304,942</u>	<u>2,304,942</u>	<u>2,489,919</u>	<u>184,977</u>
Prior Year Fund Balance			-	
Appropriated for Current Year Budget	<u>255,506</u>	<u>255,506</u>	<u>-</u>	<u>(255,506)</u>
Total Revenues and Prior Year Fund Balance	<u>2,560,448</u>	<u>2,560,448</u>	<u>2,489,919</u>	<u>(70,529)</u>
<b>Expenditures</b>				
General Government:				
General and Administrative Expenditures				
General Government:				
City attorney retainer	30,000	30,000	27,546	2,454
Published city directory	-	-	10,387	(10,387)
Outside Council	2,000	2,000	-	2,000
Auditor	6,000	6,000	-	6,000
Financial assistant	32,500	32,500	32,500	-
Recording secretary	4,500	4,500	6,864	(2,364)
Advertising	5,000	5,000	1,798	3,202
Travel	1,000	1,000	-	1,000
Memberships and training	3,500	3,500	2,205	1,295
Subscriptions	1,500	1,500	3,144	(1,644)
Refreshments	1,200	1,200	610	590
Telephones	4,200	4,200	4,040	160

**City of Hurstbourne, Kentucky**  
**Budgetary Comparison Schedule - General Fund (Continued)**  
**For the Year Ended June 30, 2021**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Expenditures - (Continued)</b>				
General Government (Continued):				
General and Administrative Expenditures (Continued)				
200 Whittington - City Hall (Continued)				
Water/sewer	\$ 6,500	\$ 6,500	\$ 4,058	\$ 2,442
Cleaning service	6,000	6,000	6,080	(80)
Equipment Maintenance	500	500	-	500
Building maintenance	5,000	5,000	5,776	(776)
Building materials/supplies	1,000	1,000	241	759
Building improvements	15,000	15,000	12,381	2,619
Furniture and fixtures	-	-	150	(150)
Leasing expense	5,000	5,000	290	4,710
Legal and management expense	2,000	2,000	-	2,000
Tenant finish	1,000	1,000	1,655	(655)
Insurance - property	7,000	7,000	5,070	1,930
City Hall Miscellaneous Expense	2,000	2,000	-	2,000
Office Supplies:				
Office supplies	3,000	3,000	1,746	1,254
Office equipment	2,000	2,000	53	1,947
Postage	6,000	6,000	1,409	4,591
Computer equipment	2,000	2,000	1,620	380
Computer software	2,000	2,000	2,544	(544)
Equipment maintenance	2,500	2,500	4,208	(1,708)
Printing - newsletter	6,000	6,000	7,133	(1,133)
Printing - other	1,500	1,500	4,570	(3,070)
Web page	1,200	1,200	1,680	(480)
Personnel:				
Salaries and wages	195,166	195,166	191,979	3,187
Payroll taxes - FICA	15,000	15,000	14,686	314
Payroll taxes unemployment	1,000	1,000	182	818
Payroll service	2,000	2,000	1,806	194
Retirement contribution	35,000	35,000	32,814	2,186
Health insurance	57,842	57,842	59,413	(1,571)
Dental insurance	5,000	5,000	4,796	204
Insurance:				
Insurance/liability	12,000	12,000	8,656	3,344
Insurance/property	2,500	2,500	2,056	444
Bonding	5,500	5,500	5,410	90
Workers compensation	1,000	1,000	754	246
<b>Total General Government</b>	<b>567,308</b>	<b>567,308</b>	<b>524,891</b>	<b>42,417</b>
Public Safety:				
Vehicle/Pedestrian Safety				
Police patrols	80,640	80,640	67,710	12,930
Street lighting - electricity	135,000	135,000	142,097	(7,097)
Electrical repairs - improvements	3,000	3,000	-	-
Street signs and markings	5,000	5,000	5,759	(759)
Supplies/Promotions	1,000	1,000	-	-
General Public Safety:				
Public safety miscellaneous	15,000	15,000	2,887	12,113
<b>Total Public Safety</b>	<b>239,640</b>	<b>239,640</b>	<b>218,453</b>	<b>17,187</b>

See accompanying notes to financial statements.

**City of Hurstbourne, Kentucky**  
**Budgetary Comparison Schedule - General Fund (Continued)**  
**For the Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures - (Continued)</b>				
Public Works:				
General:				
Holiday decorations	\$ 10,000	\$ 10,000	\$ 11,676	\$ (1,676)
Public works miscellaneous	10,000	10,000	-	10,000
Landscaping:				
Landscaping other	5,000	5,000	-	5,000
Horticulturist	22,000	22,000	19,938	2,062
Contract gardener	135,000	135,000	117,591	17,409
Maintenance:				
Grass cutting	110,000	110,000	105,362	4,638
Chemical applications	30,000	30,000	43,437	(13,437)
Irrigation:				
Annual service contract	30,000	30,000	18,492	11,508
System replacement	20,000	20,000	16,294	3,706
Water	90,000	90,000	71,176	18,824
Electrician/landscape lighting	50,000	50,000	6,002	43,998
Other maintenance	5,000	5,000	-	5,000
Special Projects:				
Entrance improvements and upgrades	25,000	25,000	16,313	8,687
Median improvements	10,000	10,000	-	10,000
Bridle path - wimborne	2,000	2,000	-	2,000
City park	2,000	2,000	-	2,000
Sidewalk repair	80,000	80,000	44,821	35,179
Storm water	100,000	100,000	43,801	56,199
Spring/fall planning:				
Flowers	30,000	30,000	28,107	1,893
Plant replacements	30,000	30,000	47,360	(17,360)
Mulch	30,000	30,000	36,560	(6,560)
Tree replacement	40,000	40,000	8,459	31,541
Tree removal	30,000	30,000	21,200	8,800
Roads:				
City engineer	45,000	45,000	36,221	8,779
Schedule maintenance - resurfacing	150,000	150,000	307,863	(157,863)
Unscheduled maintenance	15,000	15,000	160	14,840
Street cleaning	2,000	2,000	-	2,000
Snow removal	50,000	50,000	99,691	(49,691)
<b>Total Public Works</b>	<b>1,158,000</b>	<b>1,158,000</b>	<b>1,100,524</b>	<b>57,476</b>

**City of Hurstbourne, Kentucky**  
**Budgetary Comparison Schedule - General Fund (Continued)**  
**For the Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures - (Continued)</b>				
Sanitation/code enforcement:				
Sanitation:				
Residential collection	\$ 463,000	\$ 463,000	\$ 463,517	\$ (517)
Publications	1,000	1,000	-	1,000
Sanitation Miscellaneous	2,000	2,000	-	2,000
Code enforcement:				
Code enforcement field officer	13,500	13,500	12,375	1,125
Code enforcement miscellaneous	6,000	6,000	110	5,890
Total Sanitation/Code Enf	<u>485,500</u>	<u>485,500</u>	<u>476,002</u>	<u>9,498</u>
Community Development:				
Community projects and events:				
Commission special projects	100,000	100,000	3,959	96,041
Community outreach and events	10,000	10,000	2,015	7,985
Total Community Develop.	<u>110,000</u>	<u>110,000</u>	<u>5,974</u>	<u>104,026</u>
Total Expenditures	2,560,448	2,560,448	2,325,844	234,604
Transfers	<u>-</u>	<u>-</u>	<u>72,000</u>	<u>(72,000)</u>
Net Change in Fund Balance			236,075	
Fund Balance - July 1, 2020			<u>2,138,981</u>	
Fund Balance - June 30, 2021			<u>\$ 2,375,056</u>	

**City of Hurstbourne, Kentucky**  
**Budgetary Comparison Schedule - Municipal Road Aid Fund**  
**For the Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Municipal Road Aid:				
Intergovernmental revenue	\$ 80,000	\$ 80,000	\$ 72,752	\$ 7,248
Total Revenues Before Prior Year Fund Balance	<u>80,000</u>	<u>80,000</u>	<u>72,752</u>	<u>7,248</u>
 Prior Year Fund Balance:				
Appropriated for Current Year Budget	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Prior Year Fund Balance	<u>80,000</u>	<u>80,000</u>	<u>72,752</u>	<u>7,248</u>
 <b>Expenditures Encumbrances</b>				
Municipal Road Aid:				
Street paving and repairs	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>(80,000)</u>
Total Municipal Road Aid	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>(80,000)</u>
 Excess(Deficiency) of Revenue over Expenditures	-	-	72,752	72,752
 Transfers	<u>-</u>	<u>-</u>	<u>(72,000)</u>	<u>(72,000)</u>
 Net change in fund balance			752	
 Fund Balance - July 1, 2020			<u>2,081</u>	
 Fund Balance - June 30, 2021			<u>\$ 2,833</u>	

City of Hurstbourne, Kentucky  
Notes to the Required Supplementary Information  
On Budgetary Reporting  
June 30, 2021

**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 the accounting principles generally accepted in the United States of America.

**Encumbrances**

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

**Reconciliation**

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

\$307,683 of scheduled road resurfacing is presented as capital outlay in the statements of revenues, expenditures and changes in fund balances and is it presented as component of public works on the budgetary comparison schedule.

**Stewardship**

The City did not exceed budget in any department during the fiscal year.



City of Hurstbourne, Kentucky  
Schedule of the City's Proportionate Share of the Net Pension Liability  
County Employees' Retirement System  
Last Eight Fiscal Years

	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
City's proportion of the net pension liability	Not Available	0.00537%	0.00547%	0.00521%	0.00529%	0.00530%	0.00537%	0.00548%
City's proportionate share of the net pension liability	\$ 197,118	\$ 174,206	\$ 235,063	\$ 256,568	\$ 309,757	\$ 322,482	\$ 377,956	\$ 420,235
City's covered-employee payroll	\$ 117,008	\$ 123,184	\$ 127,557	\$ 124,308	\$ 128,859	\$ 131,240	\$ 135,554	\$ 136,377
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	168.47%	141.42%	184.28%	206.40%	240.38%	245.72%	278.82%	308.14%
Plan fiduciary net position as a percentage of the total pension liability	Not Available	66.80%	59.97%	55.50%	53.50%	53.54%	50.45%	47.81%

City of Hurstbourne, Kentucky  
Schedule of the City's Pension Contributions  
County Employees' Retirement System  
Last Eight Fiscal Years

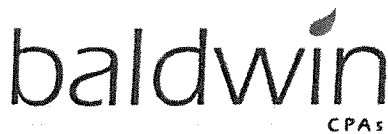
	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Contractually required contribution	\$ 22,875	\$ 16,926	\$ 16,263	\$ 15,439	\$ 17,976	\$ 19,004	\$ 21,987	\$ 26,321
Contributions in relation to the contractually required contribution	22,875	16,926	16,263	15,439	17,976	19,004	21,987	26,321
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 117,008	\$ 123,184	\$ 127,557	\$ 124,308	\$ 128,859	\$ 131,240	\$ 135,554	\$ 136,377
Contributions as a percentage of covered employee	19.55%	13.74%	12.75%	12.42%	13.95%	14.48%	16.22%	19.30%

**City of Hurstbourne, Kentucky**  
**Schedule of the City's OPEB Contributions**  
**County Employees' Retirement System**  
**Last Five Fiscal Years**

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Contractually required contribution	\$ 5,768	\$ 6,095	\$ 6,168	\$ 7,130	\$ 6,492
Contributions in relation to the contractually required contribution	<u>5,768</u>	<u>6,095</u>	<u>6,168</u>	<u>7,130</u>	<u>6,492</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 124,308	\$ 128,859	\$ 131,240	\$ 135,554	\$ 136,377
Contributions as a percentage of covered-employee payroll	4.64%	4.73%	4.70%	5.26%	4.76%

**City of Hurstbourne, Kentucky**  
**Schedule of Changes in the City's OPEB Liability**  
**County Employees' Retirement System**  
**Last Four Fiscal Years**  
**(\$ in thousands)**

<b>Change in the Net OPEB Liability</b>	<b>June 30, 2018</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>	<b>June 30, 2021</b>
<b>Total OPEB liability</b>				
Service Cost	\$ 5	\$ 6	\$ 6	\$ 7
Interest	13	13	13	13
Benefit Changes	-	-	-	-
Difference between actual and expected experience	-	(13)	(22)	28
Assumption Changes	28	-	14	3
Benefit Payments	(7)	(8)	(9)	(10)
<b>Net Change on Total OPEB Liability</b>	<b>39</b>	<b>(2)</b>	<b>2</b>	<b>41</b>
<b>Total OPEB Liability - Beginning</b>	<b>186</b>	<b>224</b>	<b>225</b>	<b>233</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 225</b>	<b>\$ 222</b>	<b>\$ 227</b>	<b>\$ 274</b>
<b>Fiduciary Net Position</b>				
Contributions - Employer	\$ 9	\$ 7	\$ 8	\$ 9
Contributions - Member	-	1	1	1
Benefit Payments	(7)	(8)	(9)	(10)
Net Investment Income	14	11	7	1
Administrative Expense	-	-	-	-
Other	-	-	-	-
<b>Net Change in Fiduciary Net Position</b>	<b>16</b>	<b>11</b>	<b>7</b>	<b>1</b>
<b>Fiduciary Net Position - Beginning</b>	<b>103</b>	<b>117</b>	<b>130</b>	<b>141</b>
<b>Fiduciary Net Position - Ending</b>	<b>\$ 119</b>	<b>\$ 128</b>	<b>\$ 137</b>	<b>\$ 142</b>
<b>Net OPEB Liability - Ending</b>	<b>106</b>	<b>94</b>	<b>90</b>	<b>132</b>
<b>Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	<b>52.9%</b>	<b>57.7%</b>	<b>60.4%</b>	<b>51.8%</b>
<b>Covered Payroll</b>	<b>129</b>	<b>\$ 131</b>	<b>\$ 136</b>	<b>\$ 136</b>
<b>Net OPEB Liability as a Percentage of Covered Payroll</b>	<b>82.2%</b>	<b>71.8%</b>	<b>66.2%</b>	<b>97.1%</b>



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**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, (the "City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Hurstbourne, Kentucky's basic financial statements and have issued our report thereon dated May 24, 2022.

**Report on Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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 compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Baldwin CPAs, PLLC***

Baldwin CPAs, PLLC  
Louisville, Kentucky  
May 24, 2022



**Kentucky Secretary of State**  
**Michael G. Adams**

**Hurstbourne, Kentucky**

**Search Again**

<b>Class (effective Jan 1, 2015)</b>	Home Rule
<b>Class (ending Dec 31, 2014)</b>	4
<b>Status</b>	Active
<b>Incorporated</b>	1982-08-12
<b>County</b>	Jefferson
<b>Area Development District</b>	Kentuckiana Regional Planning & Development Agency
<b>County Seat</b>	No
<b>Form of Government</b>	Mayor - Commission
<b>Type of Election (City officials)</b>	Non-Partisan
<b>City Waives Primary Election (City officials)</b>	Yes
<b>Time Zone</b>	Eastern

**No images were found for Hurstbourne**

**Submit a picture of Hurstbourne**

## Interactive Map (Division of Geographic Information/COT)

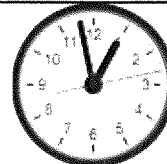
**Notes:** 1980 population: 3,530

### City Links

### County Links

<b>Hurstbourne</b>	<b>Jefferson</b>
<b>City History</b>	<b>Area Development District</b>
<b>City Website</b>	<b>Chamber of Commerce Website</b>
	<b>Historic Louisville</b>
	<b>History &amp; Genealogy</b>
	<b>Jefferson County Clerk</b>
	<b>Jefferson County Genealogy</b>
	<b>Jefferson County PVA</b>
	<b>Jefferson County Sheriff</b>
	<b>LOJIC</b>
	<b>Louisville Free Public Library</b>
	<b>Louisville Genealogical Society</b>
	<b>Metro Louisville Website</b>
	<b>National Sons of the American Revolution</b>
	<b>Records Management &amp; Archives</b>
	<b>The Filson Historical Society</b>

**Mayor** Mary Masick  
**Meeting Times** 2nd & 4th Tue 4:30pm  
**Office Hours** Mon-Fri 830am-5:00pm



**Eastern Time**

For more information about Hurstbourne contact the **Department for Local Government**

### Population Estimates

<b>2021: 4,654</b>	<b>2020: 4,677</b>	<b>2019: 4,388</b>	<b>2018: 4,396</b>	<b>2017: 4,403</b>
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2016: 4,389	2015: 4,372	2014: 4,352	2013: 4,334	2012: 4,287
2011: 4,256	2010: 4,227	1998: 4,715	1997: 4,596	1996: 4,597
1995: 4,610	1994: 4,623	1993: 4,631	1992: 4,604	1991: 4,501
1990: 4,420				

### U.S. Decennial Census

2010: 4,216	2000: 3,884	1990: 4,420
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### Current Filings (KRS 81.045 to present date)

Records returned: 11

Date Filed	Type	Ordinance	Map Status	Notes
2020-05-21	Population Estimate			U. S. Census Bureau Population Estimate as of July 1, 2019: 4,388
2019-05-23	Population Estimate			U. S. Census Bureau Population Estimate as of July 1, 2018: 4,403
2018-05-24	Population Estimate			U. S. Census Bureau Population Estimate as of July 1, 2017: 4,403
2016-05-19	Population Estimate			U. S. Census Bureau Population Estimate as of July 1, 2015: 4,359
2015-05-21	Population (2010)			Population Total per 2010 U.S. Decennial Census: 4,216
2014-07-28	Declaration (TIFF) (PDF)	pursuant to HB 331 (2014)		Acknowledgment of Reclassification (Home Rule), Statement of Form of Government (Mayor-Commission), Name of City, & Year of Incorporation
2000-12-27	Resignation & Appointment			City Commissioner
2000-04-27	Appointment			City Commissioner
1983-05-26	Census			Population: 3,530 (1980)
1983-01-26	Annexation	Ord. #8, Series FYE1983	MAPPABLE	
1982-09-15	Incorporation	82-CI-00902	MAPPABLE	Jefferson Circuit Court Judgment