

# CITY OF CRESTVIEW HILLS, KENTUCKY



For the Fiscal Year Ended June 30<sup>th</sup>, 2020



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

**CITY OF CRESTVIEW HILLS, KENTUCKY**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Year Ended June 30, 2020**

**Prepared by:**

**Finance Department  
City of Crestview Hills, KY**

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2020**

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# CITY OF CRESTVIEW HILLS

A Kentucky Chamber of Commerce Hall of Fame City

PAUL W. MEIER, MAYOR

November 30<sup>th</sup>, 2020

To: The Citizens of the City of Crestview Hills, Kentucky,  
the Honorable Mayor and,  
Members of the City Council

State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) in accordance with implementation of Government Standards Board (GASB) Statement 34 and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants within six months of the close of each fiscal year. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Crestview Hills, Kentucky for the fiscal year ended June 30, 2020.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Crestview Hills, Kentucky management. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to fairly present the financial position of the City. All disclosures necessary to enable an understanding of the City's financial activities have been included. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Van Gorder, Walker & Co., Inc., Certified Public Accountants, have issued an unmodified (clean) opinion on the City of Crestview Hills, Kentucky financial statements for the year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction therewith.

The City provides a wide range of services including public works, engineering, maintenance of dedicated streets and rights-of-way, recreational activities, planning and general administrative functions. Contracted services include police and fire protection, basic and advanced emergency medical service, occupational license tax collections, city-wide landscaping maintenance and right-of-way plantings, animal control services, building, zoning, and code enforcement.

The majority of City activities are accounted for through the General Fund. The City does have a separate Capital Projects Fund maintained mostly for grant and large infrastructure projects, and a Special Revenue Fund utilized for the Wayfinding Signage project, which helps visitors and patients better locate the businesses in the Thomas More Office Park. Financial statements of governmental organizations differ somewhat from the statements prepared for profit-oriented organizations in that governmental organizations prepare statements on a

fund basis. In governmental accounting, the term “fund” is used to identify a separate accounting entity with its own assets, liabilities, revenues, or expenses, as appropriate.

### *Profile of the Government*

The City of Crestview Hills, KY, incorporated in 1951, is located in Northern Kentucky. Crestview Hills currently occupies a land area of 2.6 square miles and serves a residential population of 3,281 (2018 U.S. Census Bureau) with a much larger daytime population. The City levies a property tax on real property and an occupational fee on employees and businesses.

The City of Crestview Hills has operated under the Mayor-Council form of government since 1951. Policy-making and legislative authority are vested in the City Council. The Mayor is responsible for the executive functions of the City, including administration of the budget, appointing employees, and representing the City as the Chief Elected Official. The City Council is responsible for setting policy, passing ordinances, adopting the budget, approving the Mayor’s appointments to committees, and approving the appointment of the City Administrator, City Engineer, City Attorney and City Clerk. The appointed City Administrator is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City, and assisting the Mayor and Council. The council is elected on a non-partisan basis. Council members serve two-year terms while the Mayor serves a four-year term.

The annual budget serves as the foundation for the City of Crestview Hills, KY financial planning and control. The Mayor is responsible for the presentation of the annual budget to the City Council for approval. The City Administrator and Finance Officer/Treasurer work closely with the Mayor and Council committees to assess the budgetary needs for each upcoming year. This information, along with known changes in funding formulas and contracts, is programmed into the budget document. The final budget proposal is submitted to the Finance Committee for review before going to City Council for first reading in May. Council is required by state statutes to hold public hearings on the proposed budget and adopt a final budget by no later than June 30<sup>th</sup>, the close of Crestview Hills, KY fiscal year. Fund function (i.e. Public Safety or General Government), and department (i.e. Police, Fire) determine the order of the appropriated budget. Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted.

### *Local Economy*

Crestview Hills, Kentucky is located seven miles southwest of downtown Cincinnati. The City is known for its diversity including single-family residential homes and condominiums, an active retail center, a large business office park, a four-year university (Thomas More University) and two country clubs. The key economic areas vital to the City’s tax base are: the medical sector, professional offices, retail, and residential. Each contributes to the broad-based revenue that operates the City.

The development of the Research Park area along Thomas More Parkway during the last three decades has been a boon to the City’s economy. The Research Park is within seven miles of the Greater Cincinnati/Northern Kentucky International Airport with easy access to I-75, I-71, and I-275. While downtown Cincinnati is only a few minutes away, this location is suburban and residential in nature. The Research Park houses professional offices, specialty physicians, attorneys, banks, country clubs, a university, a gymnastics training facility, and corporate offices in a suburban environment with the lowest overall tax rates in the area. The proximity of the St. Elizabeth Medical Center system in the adjacent City of Edgewood has contributed to the large concentration of healthcare related offices in the City. St. Elizabeth maintains a large presence in the community, remaining the top payroll taxpayer during FY 2019-2020.

Like the rest of the world over the past year, the Northern Kentucky economy has been in a state of uncertainty and cautious concern due to the events and circumstances caused by the COVID-19 global pandemic. Numerous changes have occurred throughout the City as a direct result of the pandemic, including shutdowns, furloughs/layoffs, as well as business closings and new openings. And, even during this unforeseen, universal health crisis, the businesses within Crestview Hills remained stable, while Net Profits tax revenue increased year over year. The Net Profits tax revenue stream is unpredictable and fluctuates from year to year, and even more so during these unusual times. FY 2019-2020, net profits tax revenue increased by over 8% from the prior year, which is attributable to significant growth from the City's top Net Profits taxpayer. In addition, the overall vacancy rate within the office park remains low. The City's primary retail center continues to perform well overall, even during the global COVID-19 pandemic coupled with an already struggling retail clothing market.

The City continues to explore additional office space on undeveloped lots. The City has several important initiatives, including developing a comprehensive and focused marketing plan for the community's business development program. We also continue to work with the Regional Economic Development Initiative (REDI) Cincinnati and NKY Tri-County Economic Development Agency in identifying and recruiting new businesses to the Office Park. The City is experiencing a very competitive environment for new and existing jobs.

The City continues to emphasize the new mixed-use zoning code, which was initiated in 2017. The new zone will allow for greater density in a future redeveloped Town Center, as well as the flexibility to gain greater density in the Professional Office 1 Zone at the corner of Turkeyfoot Road and Thomas More Parkway. This could provide the catalyst for future redevelopment in the community providing more tax revenues.

Despite the economic uncertainties as a result of COVID-19, the overall revenue picture for the City was very bright and optimistic over the past fiscal year. The City added \$628,388 to the fund balance for FY 2019-2020. The key drivers to the robust growth in the City's fund balance was due to COVID-19 relief funding from the CARES Act in the amount of \$235,853, along with a much better than projected 2<sup>nd</sup> quarter 2020 in payroll tax revenue. With the events surrounding the COVID-19 global pandemic, and the unpredictability of the ramifications of business shutdowns and furloughs/layoffs, the City estimated a 40% reduction in normal payroll and occupational license tax revenues for the 2<sup>nd</sup> quarter 2020 (April – June 2020) compared to prior years. However, the City was pleasantly surprised to see only a 10% decline year over year for the second quarter 2020, in which this contributed to approximately \$190,000 in additional payroll tax revenue FY 2019-2020. As a result, the Payroll taxes were up from \$2,098,661 to \$2,141,232. In addition, net profit taxes increased by 8.5% from \$363,823 to \$394,651 as mentioned previously.

Domiciled businesses account for the majority of payroll taxes received. The number of domiciled accounts remained strong and increased from 495 accounts to 530 accounts in FY 2019-2020. Again, for the latest fiscal year, the City registered over 4,000 non-domiciled businesses, everything from construction companies to home service businesses.

The residential real estate market has shown a boon in growth over the last three years, mirroring the national economy. The City of Crestview Hills went through a property re-assessment for 2020 by the Kenton County Property Valuation Administrator, where most properties value increased by approximately 10%. The final residentially zoned property development in the City, Crown Point, opened in 2016. The 42 building lots within the neighborhood have homes ranging in value from the mid \$600,000s to more than \$1 million. The City continues to see renovations taking place over the past couple of years within the residential and commercial properties, and most recently with a significant renovation to one of the country clubs. This is a great sign for the City as this continues to point to a healthy housing market in Crestview Hills. The City Council moved to bolster the residential area known as College Park in 2017 by adopting a home reinvestment rebate program. This program will hopefully spur renovations and additions in the subdivision as we experience generational turnover. Overall, the commercial real estate in Northern Kentucky has also been robust; however, because most of the land in Crestview Hills has been developed it is unlikely to see substantial new commercial real estate growth, unless there is redevelopment of existing sites.

### *Long-term financial planning*

Unassigned fund balance in the general fund has exceeded policy guidelines set by Council by recommendation of the Finance Committee for budgetary and planning purposes (i.e., between 15 and 20 percent of total general fund revenues). With a number of infrastructure projects such as street reconstruction and storm water detention projects, the City will remain diligent in identifying and ensuring adequate financial reserves to meet future needs. This is particularly true for future street maintenance activities, where the City has begun an annual street reconstruction program, focusing on older residential areas. The City faces steadily increasing costs for Public Safety and other employee expenses in coming years, particularly in light of pension reforms and increased contributions by local employers.

In early 2017, the City Council adopted a utility franchise fee on natural gas and electric services. The intent of the fee was to generate additional revenue to use for the street reconstruction program. The City has been very aggressive over the past seven years identifying older streets and prioritizing their complete reconstruction. The City's program will ensure that taxpayers are not faced with substantial costs in a condensed period down the road.

The City completed several important projects in FY 2019-2020, including continued street reconstruction work in the Lookout Farm subdivision on Darby Dan Court, Claiborne Court, and Lookout Farm Drive. In addition, the City completed a street resurfacing project on Parkway Drive. These projects continue to serve as a testimony to the City's commitment to the reinvestment into the reconstruction of streets and infrastructure maintenance.

The City has several cost drivers for future budgets. Public Safety costs will continue to rise, and although the City contracts out those services, the underlying increases in personnel (pensions, health insurance, etc.) will continue to affect future City costs. The Kentucky Legislature adopted in May 2018 significant changes to the State's defined benefit system and a new actuarial funding model for participants that significantly raises payments into the system by members to pay down the unfunded liability. Fortunately, due to the events around COVID-19, the State Legislature froze the original 12% per year increase FY 2020-2021 in an effort to help local governments minimize costs.

The City's attention to proper infrastructure investment has been a key initiative for many years. The City Council has always prioritized the maintenance of high-quality infrastructure to support our residential and business base. However, due to the unforeseen future surrounding the concerns of COVID-19, City Council decided to hold off on any street improvements FY 2020-2021, until the City gets a clearer picture of its cash/revenue sources. The infrastructure initiative will continue to be a focal point in the future.

On the revenue side, while the City is blessed with a diverse and relatively stable tax base, the COVID-19 pandemic has created uncertainty and unrest as to the impact it could have on future revenues, specifically the payroll tax revenue stream. Coincidentally, and thankfully, FY 2019-2020 was the first full year of the new payroll tax rate of 1.15% (enacted January 1<sup>st</sup>, 2019). And, in the midst of this crisis, the City's tax base still remains heavily reliant upon the medical based employer community in the Thomas More Office Park. The medical industry has been undergoing significant changes over the past ten years, including changes to reimbursement formulas with the Affordable Care Act, and now with the COVID-19 health guidelines and restrictions. These changes continue to push independent practices to combine with large medical center systems and have moved several of the City's specialty medical practices closer to the Medical Center Campus. Also, with more central control of the various medical practices, more jobs could move based on the larger needs of the medical center system, including corporate and back-office jobs. Finally, the retail and restaurant landscape, especially restaurants, will need to adapt during this COVID-19 pandemic in order to survive. The shopping center district will more than likely continue to evolve and change with this pandemic. The City will be actively working with the owner of the Crestview Hills Town

Center to explore future opportunities for redevelopment of the existing retail shopping center into a true mixed-use area with residential, business, restaurants and retail uses, as well as to examine economic incentives for businesses to help during these difficult and unprecedented times.

For the tax year 2019, the City Council approved the compensating rate plus an additional 2%. This tax rate produced \$701,471 in property tax revenue. The 2% increase was adopted to keep in line with inflationary rates, as well as continuing to assist with the increased costs associated with the contracts for Police, Fire and EMS services, which began in the last quarter of FY 2017-2018, and will continue to increase 12% each year for the current contract. The City's Fire and Emergency Services contracts with Fort Mitchell and Edgewood continued to escalate by over 10% combined. In addition, the Police Authority costs rose by nearly 6%. The primary factor to the increases continues to revolve around the pension contribution costs from the Kentucky Retirement Systems. In turn, the new tax rate increase was implemented, in part, to aid with the annual cost increases in payroll, benefits, and general operating costs (utilities, goods and services, etc.) The property tax rate that was approved and levied FY 2020-2021 is .158 per \$100 of assessed value, which equates to the compensating rate plus 3%. There were several changes in the tax roll, but the key change is attributable to a re-assessment of all City properties by the Kenton County Property Valuation Administrator. The City had several residential property renovations, along with one major renovation at a commercial location, which created \$2,803,500 in additions. There were reductions in assessed value on 11 residential properties and 8 reductions on commercial properties, which resulted in \$248,700 in deletions. The net effect was an increase in total valuations of \$2,150,900. Homestead Exemptions (owners 65 years of age and older) declined slightly, with a total of 438 properties (37.5% of total residential properties) now receiving the exemption in 2020. Another 5 properties receive the disability exemption, as well. For the City to obtain the same amount of revenue from property taxes, the overall rate must be higher to compensate for the increased number of homestead and disability exemptions each year

### *Other information*

The management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the costs of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of Federal and State financial resources, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by the management of the City.

As part of the City's annual audit, reviews are made to determine the adequacy of the internal control structure, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's annual audit for the fiscal year ended June 30, 2020 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

In addition, the City maintains budgetary controls. These controls include, monitoring department(s) expenditures with the intent of remaining at or under the approved budget parameters. If a department exceeds its budgetary constraints, then a budget amendment is presented to City Council for acceptance/approval of the proposed amendment. As an additional layer of oversight, the Finance Committee chairperson performs a monthly review and audit of the internal financial statements. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General and Capital Projects Funds are included in the annual appropriated budget. The adopted budget for fiscal year 2019-2020 was prepared in accordance with accounting principles generally accepted in the United States of America.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Cash resources of the individual funds are combined to form a pool of cash and investments. Cash temporarily idle during the year was invested in certificates of deposit and United States Treasury Notes and Bonds, which are consistent with the direction of City Council as recommended by the Finance Committee.

The City's investment policy is designed to maximize the productive use of assets entrusted to its care and to invest and manage those funds wisely and prudently. Criteria for selecting investments and the order of priority are: (1) safety, (2) liquidity and (3) yield. The basic premise underlying the City's investment policy is to ensure that money is always available when needed while at the same time gaining the highest and best return. Accordingly, deposits were either insured by Federal Depository Insurance Corporation (FDIC) and/or collateralized.

The City's insurance carrier, Kentucky League of Cities Insurance Services (KLCIS), provides a full range of insured risks, including property and casualty, automobile, elected official's liability, and general liability insurance. The insurance limit of risk is 3 million with another 3 million umbrella, on a per occurrence basis. KLCIS provides a full range of risk management services, including loss control audits and safety training and accident prevention workshops. The City's worker's compensation insurance is also with KLCIS.

All claims are investigated, valued, reserved, defended and/or settled in accordance with generally accepted insurance industry practices. The City maintains a Risk Management Committee consisting of the Mayor, City Attorney, City Administrator and Finance Officer/Treasurer to periodically evaluate risks and ensure proper oversight of possible liability exposures. There are no known existing claims that would exceed the City's applicable coverage.

#### *Awards and Acknowledgements*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Crestview Hills for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the nineteenth consecutive year that the government has received this prestigious award. To qualify for a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy generally accepted accounting principles, pronouncements of the Governmental Accounting Standards Board, and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

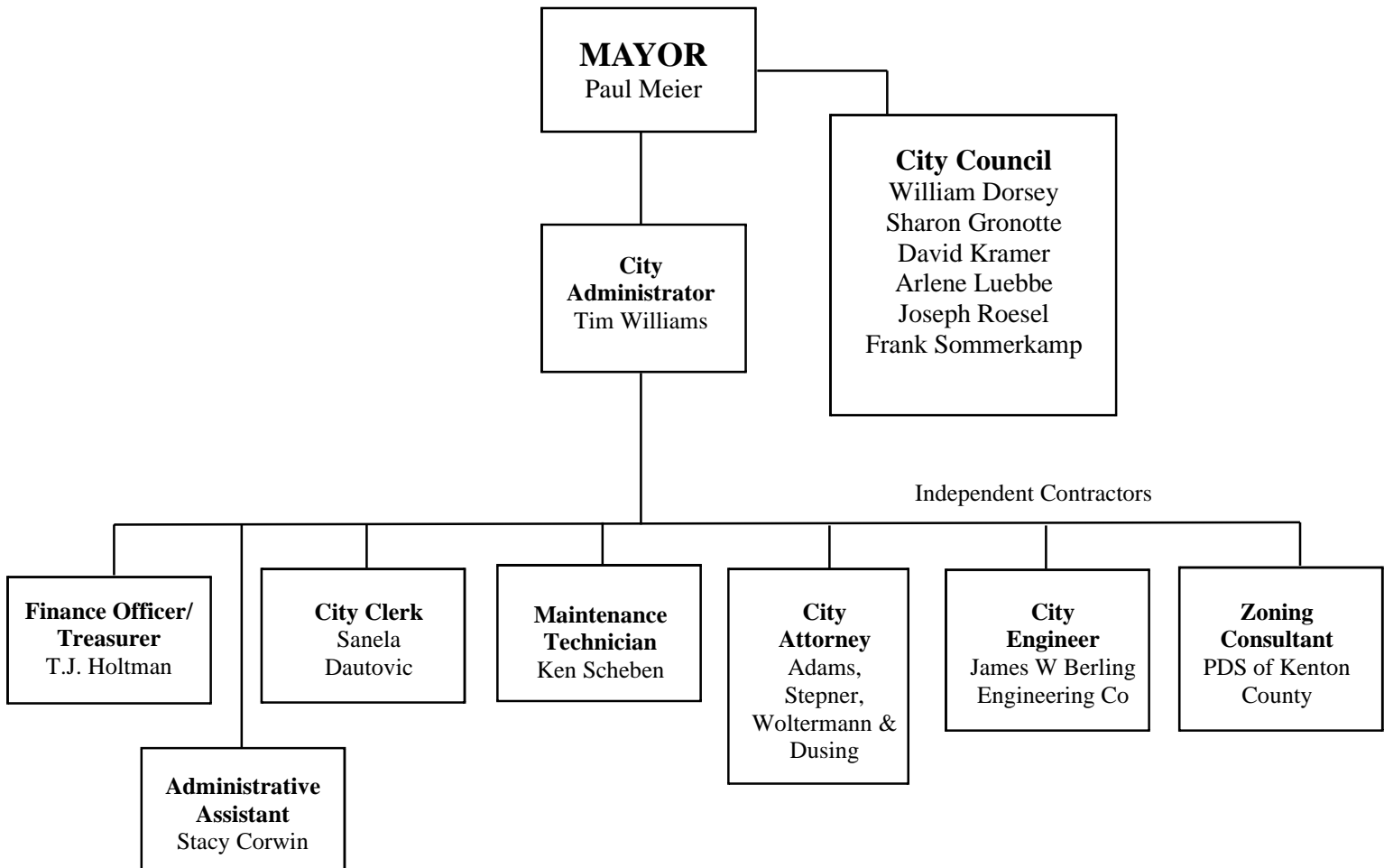
The preparation of this report would not have been possible without the efficient and dedicated service of the finance staff and appreciation is expressed to those who assisted and contributed in its compilation and completion. Credit also must be given to the former (retired) City Administrator, Tim Williams, along with the Mayor and City Council for their support in maintaining the highest standards of professionalism in the management of Crestview Hills finances.

Respectfully submitted,



T.J. Holtman  
Finance Officer/Treasurer

*City of Crestview Hills, KY Organizational Chart*



**CITY OF CRESTVIEW HILLS, KENTUCKY**

**LIST OF PRINCIPAL OFFICIALS**

**For the Year Ended June 30, 2020**

Mayor – Council Form of Government

**City Council**

Paul W. Meier  
Mayor

Frank B. Sommerkamp, Jr.  
Mayor Pro Tem

William Dorsey  
Councilmember

Sharon Gronotte  
Councilmember

David Kramer  
Councilmember

Arlene Luebbe  
Councilmember

Joseph Roesel  
Councilmember

**City Administration**

Tim Williams

City Administrator

T.J. Holtman

Finance Officer/Treasurer

Sanela Dautovic

City Clerk

Stacy Corwin

Administrative Assistant

Planning & Development

Services of Kenton County

Building Inspector

Planning & Development

Services of Kenton County

Zoning Consultant

Jim Berling

City Engineer

Mary Ann Stewart

City Attorney



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Crestview Hills  
Kentucky**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

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## FINANCIAL SECTION



## INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and  
Members of the Council  
City of Crestview Hills, Kentucky**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Crestview Hills, Kentucky (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***-Management's Responsibility for the Financial Statements***

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

#### ***-Auditor's Responsibility***

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

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

#### ***-Opinion***

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 Crestview Hills, Kentucky as of June 30, 2020 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## Other Matters

### **-Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 15-24 and the budgetary comparison schedules and pension and OPEB disclosures on pages 51-54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **-Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The introductory section, the capital improvement funds budgetary section, and the statistical section are supplementary information, are presented for purposes of additional analysis, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. We have applied certain limited procedures to the 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 November 30, 2020 on our consideration of City of Crestview Hills, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Crestview Hills' 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 Crestview Hills, Kentucky's internal control over financial reporting and compliance.

*Van Gorder, Walker & Co., Inc.*

Van Gorder, Walker, & Co., Inc.  
Erlanger, Kentucky  
November 30, 2020

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**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Year Ended June 30, 2020**

As management of the City of Crestview Hills, Kentucky, we offer readers of the City's financial statements this narrative overview as an analysis of the financial activities of the City of Crestview Hills, Kentucky, for the year ended June 30, 2020. We encourage readers to consider the information in conjunction with the letter of transmittal, which can be found on pages 1-6 of this report.

**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 25 and 26) 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 27. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.

**Reporting the City as a Whole**

**Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the most recent year by \$8,013,818.
- The City's total net position increased \$559,078 this year.
- As of June 30, 2020, the City's governmental funds reported a combined ending fund balance of \$3,954,426, an increase of \$628,388 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,929,696 an increase of \$615,864 above fiscal year 2018-2019.
- Compensated absences increased from \$27,402 to \$33,446 during the fiscal year.
- The City's Net Pension liability increased by \$132,942, from \$ 506,713 to \$639,655 during the year. See page Note G for a further explanation on the determination of pension liabilities.
- The net position of deferred outflows and inflows of resources pertaining solely to pensions and Other Post-Employment Benefits (OPEB) increased by \$68,193, from \$92,555 to \$160,748 in comparison to last fiscal year. See the page for Note G for further details on the deferred outflows and inflows of resources related exclusively to pensions and OPEB.

## **The Statement of Net Position and the Statement of Activities**

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 the 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 used by most private-sector companies. Accrual 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, what the taxpayers own, and liabilities, what the taxpayers owe, as one way to measure the City's financial 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 non-financial factors, however, such as changes in the City's property tax base, franchise fee base, and the condition of the City's capital assets (roads, buildings, equipment and sidewalks) to assess the *overall health* of the City.

In the Statement of Net Position and the Statement of Activities, all City financial activities are recorded as Governmental Activities

- **Governmental activities:** most of the City's basic services are reported here, including the general administration, public safety, public works, and community development. Payroll license fees, insurance license fees, property taxes, and gross receipts license fees finance most of these activities.

## **Reporting the City's Most Significant Funds**

### **Fund Financial Statements**

Our analyses of the City's major funds begin on page 27 and provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes other funds to help it control and manage money for particular purposes. All of the City's funds are governmental funds.

*Governmental funds:* The City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental 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 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 the Statement of Activities) and governmental funds in a reconciliation beside the fund financial statements.

The City maintains three individual governmental funds – the General Fund, the Capital Projects Fund, and the Signage Fund are major funds. Information is presented separately in the Governmental Balance Sheet and in the Statement of Revenues, Expenditures and Changes in Fund Balance for the funds. The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental financial statements can be found on pages 25 – 29 of this report.

*Notes to the financial statements:* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 30 – 49 of this report.

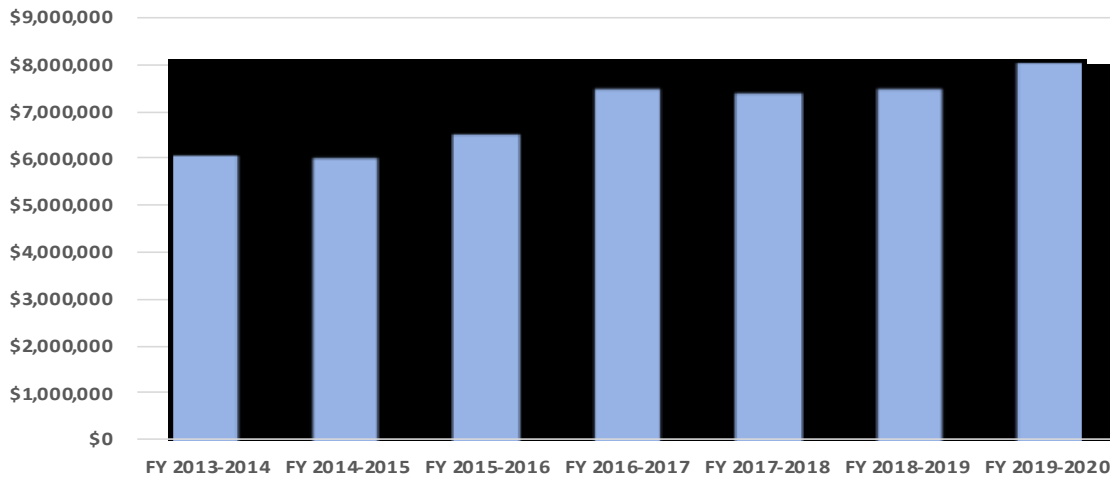
*Other information:* In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, general fund – budget to actual comparison and pension disclosures, on pages 50-51 and other supplementary information, capital project fund – budget to actual, on page 54.

## THE CITY AS A WHOLE

The statement of net position presents information on all of the City of Crestview Hills assets and liabilities, with the differences between the two reported as net position. For the years ended June 30, 2020 and 2019, net position was stated as follows:

|  | <b>Governmental<br/>Activities</b> |                         |
|--|------------------------------------|-------------------------|
|  | <u><b>2019-2020</b></u>            | <u><b>2018-2019</b></u> |
| Current assets   | \$4,081,876                        | \$3,546,199             |
| Capital assets   | <u>4,724,685</u>                   | <u>4,719,062</u>        |
| Total assets   | 8,806,561                          | 8,265,261               |
| Deferred outflow of resources                            |                                    |                         |
| Deferred outflows related to pensions<br>and OPEB - CERS | <u>233,785</u>                     | <u>179,909</u>          |
| Total assets and deferred outflows                       | <u>9,040,346</u>                   | <u>8,445,170</u>        |
| Long-term liabilities                                    | 792,595                            | 655,516                 |
| Other liabilities  | <u>160,896</u>                     | <u>247,560</u>          |
| Total liabilities  | 953,491                            | 903,076                 |
| Deferred inflow related to pensions<br>and OPEB - CERS   | <u>73,037</u>                      | <u>87,354</u>           |
| Total liabilities and deferred inflows                   | <u>1,026,528</u>                   | <u>990,430</u>          |
| Net investment in capital assets                         | 4,724,685                          | 4,719,062               |
| Unrestricted   | <u>3,289,133</u>                   | <u>2,735,678</u>        |
| Total net position                                       | <u>\$8,013,818</u>                 | <u>\$7,454,740</u>      |

### Change in Position of Net Assets FY 2014 - FY 2020



There was an increase of \$559,078 from last year to \$8,013,818 in the City's net position for governmental activities. Cash increased \$8,800 from FY 2018-2019 while capital assets increased \$5,623 because of more acquisitions. Current liabilities decreased by \$86,664 and long-term liabilities increased \$137,079 due entirely to increases in the City's unfunded net pension and other post-employment benefits (OPEB) liability with the Kentucky Retirement System, as well as reduced costs on capital projects accrued in FY 2018-2019 and completed in FY 2019-2020.

#### Governmental Activities

Governmental activities increased the net position of the City of Crestview Hills by \$559,078 during FY 2019-2020 as summarized on the following chart:

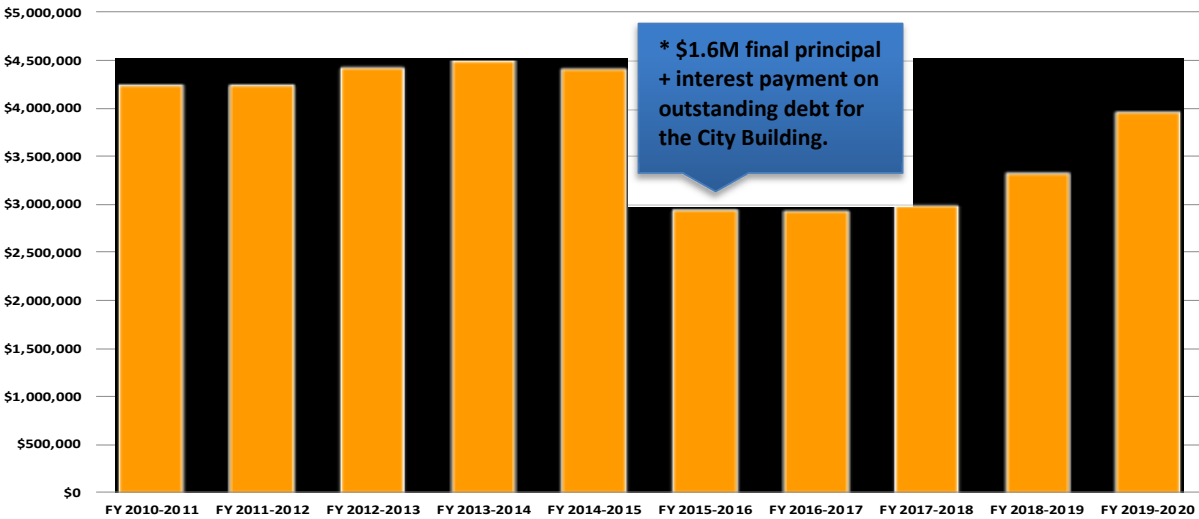
#### Changes in Net Position Governmental Activities

|                                    | 2019-2020        | 2018-2019        |
|------------------------------------|------------------|------------------|
| Revenues:                          |                  |                  |
| Program revenues:                  |                  |                  |
| Charges for services               | \$145,876        | \$151,482        |
| Operating grants and contributions | 235,853          | 0                |
| Capital grants and contributions   | 137,782          | 123,493          |
| General revenues:                  |                  |                  |
| Property taxes                     | 701,471          | 683,599          |
| Payroll license fees               | 2,141,232        | 2,098,661        |
| Net profit license tax             | 394,651          | 363,823          |
| Other taxes, licenses, fees        | 318,737          | 322,289          |
| Interest                           | 23,022           | 23,640           |
| Other                              | <u>15,547</u>    | <u>1,149</u>     |
| Total Revenues                     | <u>4,114,171</u> | <u>3,768,136</u> |

|                            |                    |                    |
|----------------------------|--------------------|--------------------|
| Expenses:                  |                    |                    |
| General Government         | \$762,738          | \$737,412          |
| Public Safety              | 1,901,044          | 1,776,955          |
| Public Works               | 798,663            | 1,050,391          |
| Community Services         | <u>92,648</u>      | <u>105,472</u>     |
| Total Expenses             | <u>3,555,093</u>   | <u>3,670,230</u>   |
| Change in net position     | 559,078            | 97,906             |
| Net Position – Beginning   | <u>7,454,740</u>   | <u>7,356,834</u>   |
| Net Position - End of Year | <u>\$8,013,818</u> | <u>\$7,454,740</u> |

- Revenues for the City’s governmental activities totaled \$4,114,171, compared to \$3,768,136 last year.
- Payroll license fees totaled \$2,141,171 or approximately 52% of the total revenues. This was an increase of 2.03% from last year. There were two factors that offset one another to contribute to the total increase. The first negative impact was directly attributable to the events surrounding the COVID-19 pandemic, in which the City saw business shutdowns and furloughs/layoffs. However, the key driver to produce the increase was that FY 2019-2020 was the first full year in which the City to receive the new payroll tax rate change from 1% of 1.15%.
- The second largest recurring revenue was property taxes, which accounted for \$701,471, an increase of 2.6% over FY 2018-2019. This increase was directly attributable to the property tax rate increase from .165/\$100 assessed value to .168/\$100 assessed value. This rate reflects the 2% increase over the compensating rate, which was approved by the Mayor and Council in an effort to combat the growing Fire/EMS and Police Authority costs.
- This year total expenses for the City’s governmental activities were \$3,555,093 compared to \$3,670,230 last year. The contracts for Fire and EMS services continue to remain a factor to increased costs to the City. The services under the new contracts began in the last quarter of FY 2018-2019 and will continue to increase through the third quarter of FY 2021-2022, which will mark the end of the current 4-year contract term. However, in FY 2019-2020, total expenses decreased by \$115,137 or a reduction of 3%. The primary drivers of this reduction falls within the Public Works department, where the City eliminated a position, expended fewer operating costs such as engineering fees and snow removal, as well as less spending on street infrastructure projects as compared to FY 2018-2019. In turn, the City Administration continues to carefully manage expenses to ensure the revenue base can support public service delivery while remaining one of the lowest tax burden communities in Northern Kentucky.

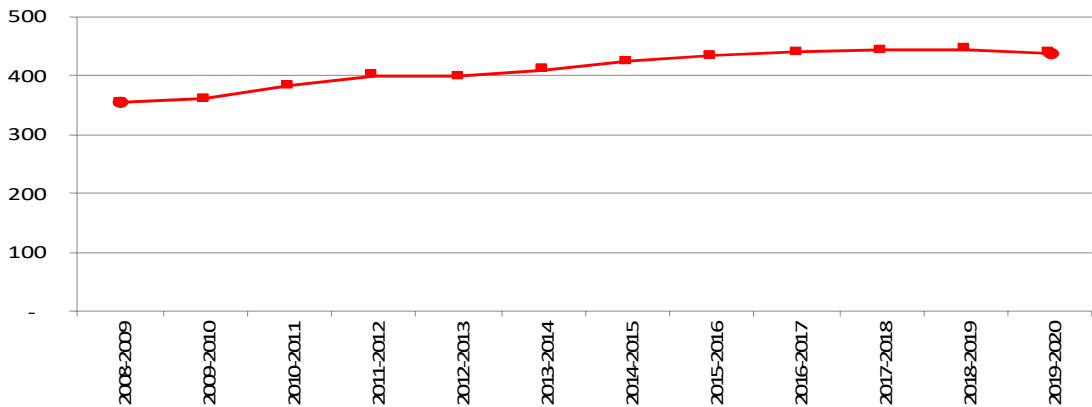
### City Fund Balances



### Governmental Activities: Revenues

Property tax rates were raised to .168 cents per hundred for the 2019 tax year. Rates increased to help offset the growing Fire/EMS and Police Authority costs. This was a factor to the property taxes due being up over FY 2018-2019, while the tax base had fewer reassessments on residential and commercial properties. The City’s Homestead & Disability Exemptions dropped slightly to a total of 438 properties receiving the exemptions in 2020. Kentucky law allows property owners who are 65 or older to receive a homestead exemption. For tax year 2020 the homestead exemption is \$39,300. The amount of the exemption is subtracted from the assessed value of the property.

### Total Properties with Homestead & Disability Exemptions



### Governmental Activities: Expenses

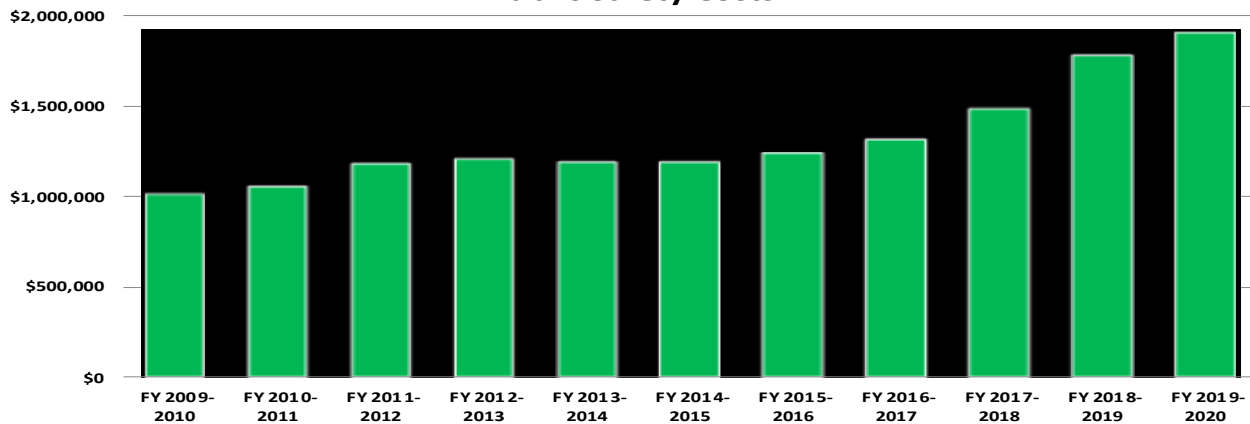
General Government expenses increased in FY 2019-2020 by \$25,326, or up by 3.4% from the prior fiscal year. FY 2019-2019, the City’s General Government department experienced a spike in expenses primarily due to the increased year-end pension and other post retirement employee benefits (OPEB) liability adjustment.

Total Community Development costs decreased from \$105,472 to \$92,648. Due to health guidelines/restrictions and safety precautions taken due to COVID-19, the City cancelled the annual Business Appreciation Luncheon and the entire Summer Concert Series. As a result, the Community Development expenditures were reduced in FY 2019-2020.

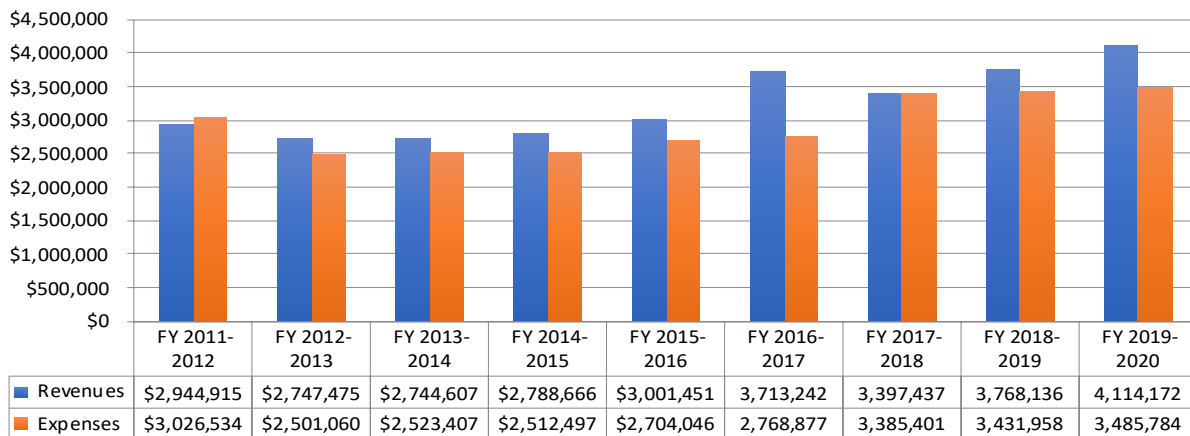
The costs of the City’s Public Works division decreased significantly by \$251,728 over FY 2018-2019. Public Works includes capital projects on infrastructure, which extend or renew the life of the street, joint projects with other governmental entities, and any repairs to the City Building. The reduction of costs is traced to several components, including less depreciation expenses, elimination of a staff position, and diminished operating costs such as engineering fees and snow removal.

Lastly, Public Safety increased by \$124,089 or 6.98% over FY 2018-2019. This is attributable to the rising Police Authority funding due to increasing pension costs, as well as the new contracts for Fire and EMS services, which began in the last quarter of FY 2017-2018 and increase every fourth quarter of the fiscal year. The City’s Fire and Emergency Services contracts with Ft. Mitchell and Edgewood continued to increase by 10% (Ft. Mitchell 10% & Edgewood 10.7%) combined. In addition, the Police Authority costs rose by nearly 6%. The key factor to the significant increases is correlated to the new pension contribution costs from the Kentucky Retirement Systems.

**Public Safety Costs**



**Total Revenues & Expenses**



## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### *Governmental funds*

The focus of the City's governmental funds is to provide information on revenues, expenditures, and net spendable resources.

At year-end, the City's governmental funds reported combined fund balances of \$3,954,426, which is an increase of \$628,388 from last year. During the year, a total of \$493,846 was transferred from the general fund to the capital projects fund and a total of \$24,526 was transferred from the general fund to the special revenue fund with a net effect of \$0. Due to COVID-19, it is anticipated that the capital project expenditures will range between \$100,000 and \$150,000 FY 2020-2021. The City has only approved two projects for FY 2020-2021 including: the street improvement on Chancellor Drive, and additional work to the new Pocket Park on Centre View Boulevard in the Office Park.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Total Expenditures were less than budgeted amounts by \$320,703. The General Government budgeted expenditures were \$705,5315 compared to the actual amount of \$622,282. Public Safety budgeted expenditures were \$1,901,583, compared to the actual amount of \$1,901,044. Public Works budgeted expenditures were \$466,194 compared to the actual amount of \$351,438. Excluded from that amount were transfers out of the General Fund to the Special Revenue and Capital Projects Funds of \$575,000 budgeted and \$493,846 expended. Community Development budgeted expenditures were \$109,153 compared to the actual amount of \$92,648. Overall, the City continued its prudent management of the City's finances, delivering public services and investing in the City's infrastructure, while doing so below the established budget and within available revenues.

## DEBT AND CAPITAL ASSET ADMINISTRATION

### Debt

The City has no long-term debt as of the end of the fiscal year. A General Obligation Bond was paid off early in 2015. Compensated absences totaled \$33,446 at the end of the fiscal year. This was up from FY 2018-2019 as the result of eligible full-time employees not utilizing vacation and/or sick time due to COVID-19.

|                          | Governmental<br>Activities |                  |
|--------------------------|----------------------------|------------------|
|                          | 2019-2020                  | 2018-2019        |
| Compensated Absences PTO | \$ 33,446                  | \$ 27,402        |
| Totals                   | <u>\$ 33,446</u>           | <u>\$ 27,402</u> |

Not included in the table above is the \$792,595 recognized as unfunded net pension and OPEB liabilities under GASB 68 and 75. For additional information concerning the City's debt please refer to Note E to the financial statements, as well as Note G for information regarding the unfunded pension obligations.

## Capital Assets

At June 30, 2020, the City had \$17,065,026 invested in governmental net capital assets including, buildings, roads and sidewalks. This represents a net increase of \$604,918.

|                                 | Governmental        |                     |
|---------------------------------|---------------------|---------------------|
|                                 | Activities          |                     |
|                                 | 2019-2020           | 2018-2019           |
| Land & Construction in Progress | \$260,000           | \$260,000           |
| Buildings                       | 2,590,889           | 2,590,889           |
| Improvements/Infrastructure     | 13,930,253          | 13,359,832          |
| Equipment                       | 233,834             | 199,337             |
| Vehicles                        | <u>50,050</u>       | <u>50,050</u>       |
| Subtotals                       | 17,065,026          | 16,460,108          |
| Accumulated Depreciation        | <u>(12,340,341)</u> | <u>(11,741,046)</u> |
| Net Capital Assets              | <u>\$4,724,685</u>  | <u>\$4,719,062</u>  |

Major additions included:

|  |           |
|--|-----------|
| Construction in progress, net of deletions | \$0       |
| Infrastructure Projects                    | \$570,422 |

For additional information concerning the City's capital assets please refer to Note D to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

As with the rest of the world, the national and local economies over the past year have been immersed with concern, anxiety, and uncertainty created by the COVID-19 global pandemic. With rising COVID-19 cases, and growing concerns for more shutdowns, the Northern Kentucky communities, as with the entire country and world, will have a heightened awareness to the key economic indicators in an effort to navigate through this crisis. With that said, the City of Crestview Hills applied for and received COVID-19 relief funding from the CARES Act program in the amount of \$235,853 to prepare and steer through these uncertain times.

The economy of the City relies to a great extent on professional office and retail. The City's activities are primarily funded through business taxes collected from medical offices, general office, retail and education. The largest source of revenue by far is the payroll tax of 1.15% (effective 1-1-19) on all wages up to \$ 137,700 (for 2020) earned within City limits. Nearly 80% of all City taxes are derived from the businesses and commercial sectors of the City.

The Affordable Care Act has increased the demand for health care services, along with uncertainty and cost pressures stemming from health care reform. Many of the larger health care providers have acquired smaller providers to achieve economies of scale and diversify their customer base and service offerings. These consolidations have also reduced back office employment of medical practices in the City as those functions have been relocated to or in some cases consolidated. Since the majority of medical consolidation in Crestview Hills has been completed in the past eight years, the City's major employer, St. Elizabeth Healthcare, has a significant share (over 25%) of the overall employment. Decisions that are made at the corporate level on practice consolidation and relocation could have a significant impact on future City tax revenues. St. Elizabeth Healthcare moved the headquarters of The Physicians Group (S.E.P.) out of the City in early 2019, resulting in the loss of over 80 well paid jobs. Although the vacated space has been backfilled with medical practices, the

net loss in payroll taxes had an impact FY 2018-2019 and going forward. However, the increase in the payroll tax rate from 1% to 1.15%, effective 1-1-19, has helped to offset the loss.

As mentioned before, the national economy, as well as Northern Kentucky has experienced uncertainty in respects to job creation and overall business activity due to the events of COVID-19. And, even as this pandemic is happening, the City's retail center is still 85% leased. The overall vacancy rate within the office park is less than 10%, with much of the vacant space separated into small square foot spaces. The City continues to be steadfast and diligent in working with brokers and our Economic Development Partners to fill vacant spaces, especially during this COVID-19 era.

Another significant contributor to the City's revenue is the Crestview Hills Town Center. City staff works closely with the owners to support new businesses and to keep the center robust and a destination shopping location in Northern Kentucky. In the new technology savvy culture, where the shopping arena has moved to more online purchases, and consumers desire shops and restaurants to be within walking distance to their homes, the stand alone bricks and mortar shopping centers and malls are impacted significantly and looking at new strategies to compete against the evolving shopping trends of our society. The Town Center owners have worked with the City in development of a new zoning designation for the Center that would allow for a mixed-use zoning code, including offices and housing on the site. The owners are also exploring more entertainment and activity-based businesses that will better compliment the retailers and restaurants, as well as development of housing units to create a more robust economic environment. And, now in this new COVID-19 health pandemic, the City will need to explore "business-friendly" incentives to help businesses survive during these unprecedented times.

On the housing front, the City's subdivisions remain strong and vibrant. The builders of the new Crown Point subdivision are continuing to market this neighborhood with hopes to move onto the next phase in the development in 2021. Due to the size and value of the homes, when completed, this subdivision will add significantly to the City's tax base. The City has also recently seen significant upgrades to existing homes in the community as we experience generational turnover. The City also anticipates more tear-downs and rebuilds on existing lots in the next ten years as the community remains a sought-after area due to location and reputation. Finally, in order to bolster reinvestment in the subdivision adjacent to the shopping center, the City Council approved a tax rebate program in 2017 for owner occupied properties that invested at least \$30,000 in their homes via major renovations or additions. The City believes this program will provide a catalyst to update many of the 1960's era homes in the next few years.

The City continues to invest significant tax dollars into existing infrastructure. This will likely continue for the foreseeable future as the City rebuilds old streets and drainage systems, and repairs bridges and sidewalks. However, due to the circumstances around COVID-19, and the uncertainty of future revenues, City Council decided to halt further street improvements until there is a clearer picture of the pandemic. City Council also continues to invest in strategic enhancements to the community, including landscaped street medians, gateway signage and decorative lighting. Each of these efforts are long-term investments into the reputation and viability of the community.

Finally, in order to help with the unpredictability of the economic outlook created by the COVID-19 global pandemic, and for the City to keep up with the increased costs associated with the Police and Fire contract rates, FY 2020-2021 the City Council approved and levied a 3% increase over the compensating rate for property taxes. Also, City Council approved a \$25 per dwelling unit increase to the waste & recycling fee, going from \$100 to \$125 per dwelling unit. These increases were enacted to help the City navigate through the COVID-19 pandemic.

## **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 questions about this report or need additional financial information, contact the City's Finance Officer/Treasurer, T.J. Holtman, at the City of Crestview Hills, 50 Town Center Boulevard, Crestview Hills, Kentucky, 41017.

|  |
|--|
| <b>CITY OF CRESTVIEW HILLS, KENTUCKY</b><br><b>STATEMENT OF NET POSITION</b><br><b>June 30, 2020</b> |
|--|

|  | <b>Governmental<br/>Activities</b> |
|--|------------------------------------|
| <b>Assets</b>  |                                    |
| Cash and cash equivalents                                  | \$ 2,611,294                       |
| Investments  | 201,371                            |
| Receivables:   |                                    |
| Property taxes   | 14,135                             |
| Accounts   | 997,283                            |
| Other governments  | 235,853                            |
| Prepaid items  | 21,940                             |
| Capital assets:  |                                    |
| Capital assets not being depreciated                       | 260,000                            |
| Other capital assets, net                                  | 4,464,685                          |
| <b>Total assets</b>  | <b>8,806,561</b>                   |
| <b>Deferred outflows of resources</b>                      |                                    |
| Deferred outflows related to pensions and OPEB - CERS      | 233,785                            |
| <b>Total deferred outflows of resources</b>                | <b>233,785</b>                     |
| <b>Total assets and deferred outflows of resources</b>     | <b>9,040,346</b>                   |
| <b>Liabilities</b>   |                                    |
| Accounts payable   | 73,005                             |
| Accrued liabilities  | 37,445                             |
| Unearned revenue   | 17,000                             |
| Noncurrent liabilities due in more than one year:          |                                    |
| Compensated absences - current                             | 8,444                              |
| Compensated absences - long term                           | 25,002                             |
| Net pension and OPEB liability - CERS                      | 792,595                            |
| <b>Total liabilities</b>                                   | <b>953,491</b>                     |
| <b>Deferred inflows of resources</b>                       |                                    |
| Deferred inflows related to pensions and OPEB - CERS       | 73,037                             |
| <b>Total liabilities and deferred inflows of resources</b> | <b>1,026,528</b>                   |
| <b>Net position</b>  |                                    |
| Net investment in capital assets                           | 4,724,685                          |
| Unrestricted   | 3,289,133                          |
| <b>Total net position</b>                                  | <b>\$ 8,013,818</b>                |

The accompanying notes are an integral part of these financial statements.

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**

|                                      | Expenses            | Program Revenues        |  |  | Net (Expense) Revenue and<br>Changes in Net Position<br>Primary Government |
|--------------------------------------|---------------------|-------------------------|--|--|--|
|                                      |                     | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities   |
| <b>Primary Government:</b>           |                     |                         |  |  |  |
| <b>Governmental activities:</b>      |                     |                         |  |  |  |
| General government                   | \$ 762,738          | \$ 108,900              | \$ -                                     | \$ -                                   | \$ (653,838)   |
| Public safety                        | 1,901,044           | -                       | 235,853                                  | -                                      | (1,665,191)  |
| Public works                         | 798,663             | 24,526                  | -  | 137,782                                | (636,355)  |
| Community development                | 92,648              | 12,450                  | -  | -                                      | (80,198)   |
| <b>Total governmental activities</b> | <u>3,555,093</u>    | <u>145,876</u>          | <u>235,853</u>                           | <u>137,782</u>                         | <u>(3,035,582)</u>   |
| <b>Total primary government</b>      | <u>\$ 3,555,093</u> | <u>\$ 145,876</u>       | <u>\$ 235,853</u>                        | <u>\$ 137,782</u>                      | <u>\$ (3,035,582)</u>  |
| <b>General revenues:</b>             |                     |                         |  |  |  |
| Taxes:                               |                     |                         |  |  |  |
|                                      |                     |                         |  | \$                                     | 701,471  |
|                                      |                     |                         |  |  | 44,354   |
|                                      |                     |                         |  |  | 2,141,232  |
|                                      |                     |                         |  |  | 394,651  |
|                                      |                     |                         |  |  | 90,662   |
|                                      |                     |                         |  |  | 183,721  |
|                                      |                     |                         |  |  | 23,022   |
|                                      |                     |                         |  |  | 15,548   |
|                                      |                     |                         |  |  | <u>3,594,661</u>   |
|                                      |                     |                         |  |  | 559,078  |
|                                      |                     |                         |  |  | 7,454,740  |
|                                      |                     |                         |  | \$                                     | <u>8,013,818</u>   |

The accompanying notes are an integral part of these financial statements.

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2020**

|   | <u>General</u>      | <u>Capital Projects<br/>Fund</u> | <u>Signage<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|---------------------|----------------------------------|-------------------------|---|
| <b>Assets</b>   |                     |                                  |                         |   |
| Cash and cash equivalents   | \$ 2,608,504        | \$ -                             | \$ 2,790                | \$ 2,611,294                            |
| Investments   | 201,371             | -                                | -                       | 201,371                                 |
| Receivables:  |                     |                                  |                         |   |
| Property taxes  | 14,135              | -                                | -                       | 14,135                                  |
| Accounts  | 912,148             | -                                | 85,135                  | 997,283                                 |
| Other governments   | 235,853             | -                                | -                       | 235,853                                 |
| Due from other funds  | 85,135              | -                                | -                       | 85,135                                  |
| Prepays   | 21,940              | -                                | -                       | 21,940                                  |
| <b>Total assets</b>   | <u>\$ 4,079,086</u> | <u>\$ -</u>                      | <u>\$ 87,925</u>        | <u>\$ 4,167,011</u>                     |
| <b>Liabilities and fund balances</b>  |                     |                                  |                         |   |
| <b>Liabilities:</b>   |                     |                                  |                         |   |
| Accounts payable  | \$ 73,005           | \$ -                             | \$ -                    | \$ 73,005                               |
| Miscellaneous accruals  | 37,445              | -                                | -                       | 37,445                                  |
| Unearned revenues   | 17,000              | -                                | -                       | 17,000                                  |
| Due to other funds  | -                   | -                                | 85,135                  | 85,135                                  |
| <b>Total liabilities</b>  | <u>127,450</u>      | <u>-</u>                         | <u>85,135</u>           | <u>212,585</u>                          |
| <b>Fund balances:</b>   |                     |                                  |                         |   |
| Nonspendable- prepaids  | 21,940              | -                                | -                       | 21,940                                  |
| Assigned-capital projects   | -                   | -                                | -                       | -                                       |
| Assigned-wayfinding signage fund  | -                   | -                                | 2,790                   | 2,790                                   |
| Unassigned  | 3,929,696           | -                                | -                       | 3,929,696                               |
| <b>Total fund balances</b>  | <u>3,951,636</u>    | <u>-</u>                         | <u>2,790</u>            | <u>3,954,426</u>                        |
| <b>Total liabilities and fund balances</b>  | <u>\$ 4,079,086</u> | <u>\$ -</u>                      | <u>\$ 87,925</u>        | <u>\$ 4,167,011</u>                     |
| <b>Reconciliation of total fund balance to net position</b>   |                     |                                  |                         |   |
| Total governmental fund balances  |                     |                                  |                         | \$ 3,954,426                            |
| 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 funds.   |                     |                                  |                         | 4,724,685                               |
| Deferred outflows and inflows of resources related to pensions and post employment health insurance are applicable to future periods and, therefore, are not reportable in the funds: |                     |                                  |                         |   |
| Deferred outflow of resources - pensions & OPEB - CERS  |                     |                                  |                         | 233,785                                 |
| Deferred inflow of resources - pensions & OPEB - CERS   |                     |                                  |                         | (73,037)                                |
| Long-term liabilities are not due and payable in the current period and not reported in the funds:  |                     |                                  |                         |   |
| Compensated absences  |                     |                                  |                         | (33,446)                                |
| Net pension & OPEB liability - CERS   |                     |                                  |                         | (792,595)                               |
| <b>Net position of governmental activities</b>  |                     |                                  |                         | <u>\$ 8,013,818</u>                     |

The accompanying notes are an integral part of these financial statements.

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2020**

|  | <u>General</u>      | <u>Capital<br/>Projects<br/>Fund</u> | <u>Signage<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|---------------------|--------------------------------------|-------------------------|---|
| <b>Revenues</b>  |                     |                                      |                         |   |
| Taxes  | \$ 701,471          | \$ -                                 | \$ -                    | \$ 701,471                              |
| Licenses and permits   | 2,848,914           | -                                    | -                       | 2,848,914                               |
| Intergovernmental  | 137,782             | -                                    | -                       | 137,782                                 |
| Charges for services   | 121,410             | -                                    | 24,526                  | 145,936                                 |
| Fines and forfeitures  | 5,646               | -                                    | -                       | 5,646                                   |
| Investment Income  | 23,022              | -                                    | -                       | 23,022                                  |
| Miscellaneous  | 15,548              | -                                    | -                       | 15,548                                  |
| <b>Total revenues</b>  | <u>3,853,793</u>    | <u>-</u>                             | <u>24,526</u>           | <u>3,878,319</u>                        |
| <b>Expenditures</b>  |                     |                                      |                         |   |
| Current:   |                     |                                      |                         |   |
| General government   | 622,282             | -                                    | -                       | 622,282                                 |
| Public safety  | 1,901,044           | -                                    | -                       | 1,901,044                               |
| Public works   | 351,438             | 493,846                              | 24,526                  | 869,810                                 |
| Community development  | 92,648              | -                                    | -                       | 92,648                                  |
| <b>Total expenditures</b>                                    | <u>2,967,412</u>    | <u>493,846</u>                       | <u>24,526</u>           | <u>3,485,784</u>                        |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>886,381</u>      | <u>(493,846)</u>                     | <u>-</u>                | <u>392,535</u>                          |
| <b>Other financing sources (uses)</b>                        |                     |                                      |                         |   |
| Proceeds from CARES Act                                      | 235,853             | -                                    | -                       | 235,853                                 |
| Transfers in   | -                   | 493,846                              | -                       | 493,846                                 |
| Transfers out  | (493,846)           | -                                    | -                       | (493,846)                               |
| <b>Total other financing sources (use)</b>                   | <u>(257,993)</u>    | <u>493,846</u>                       | <u>-</u>                | <u>235,853</u>                          |
| <b>Net change in fund balances</b>                           | 628,388             | -                                    | -                       | 628,388                                 |
| <b>Prior year adjustments</b>                                | -                   | -                                    | -                       | -                                       |
| <b>Fund balances - beginning</b>                             | <u>3,323,248</u>    | <u>-</u>                             | <u>2,790</u>            | <u>3,326,038</u>                        |
| <b>Fund balances - ending</b>                                | <u>\$ 3,951,636</u> | <u>\$ -</u>                          | <u>\$ 2,790</u>         | <u>\$ 3,954,426</u>                     |

The accompanying notes are an integral part of these financial statements.

|   |
|---|
| <p><b>CITY OF CRESTVIEW HILLS, KENTUCKY</b><br/> <b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,</b><br/> <b>AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO</b><br/> <b>THE STATEMENT OF ACTIVITIES</b><br/> <b>For the Year Ended June 30, 2020</b></p> |
|---|

**Net change in fund balances - total governmental funds** \$ 628,388

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

|                         |           |
|-------------------------|-----------|
| Capital asset additions | 604,918   |
| Depreciation expense    | (599,295) |

Governmental funds report City pension and post employment health insurance contributions as expenditures. However, in the statement of activities, the cost of pension and post employment health insurance benefits earned, net of employer contributions, is reported as an expense:

|  |          |
|--|----------|
| Cost of benefits earned - pensions- CERS | (64,002) |
| Cost of benefits earned - OPEB - CERS    | (4,885)  |

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 governmental funds:

|                                |         |
|--------------------------------|---------|
| Change in compensated absences | (6,046) |
|--------------------------------|---------|

**Change in net position of governmental activities** **\$ 559,078**

The accompanying notes are an integral part of these financial statements.

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Crestview Hills, Kentucky, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the City are described below.

*Reporting Entity*

The City of Crestview Hills is a municipality governed by a mayor and six-member council. As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the government.

*Basis of Presentation*

*Government-Wide Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. The City of Crestview Hills has no business-type activities, fiduciary activities, or blended or discretely presented component units.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than as an expenditure.

*Measurement focus, basis of accounting and financial statement presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, related of the cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, payroll taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered recorded as revenue when funds have been received.

The government reports the following funds of the financial reporting entity.

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The capital project fund is used to account for financial resources to be used for the acquisition and construction of major capital projects.

The Wayfinding Signage Fund accounts for financial resources to be used for the acquisition and installation of signage for the Thomas More Parkway area of the City. Businesses within the Thomas More Parkway Office Park are levied a special assessment fee annually included on their property tax bill, which assists with the acquisition and installation costs of the signage project.

*Assets, liabilities and net position or equity*

*Cash and Cash Equivalents*

Cash and cash equivalents including amounts in demand deposits as well as short-term investments (certificates of deposit) with an initial maturity date within one year of the date acquired by the City.

The City is authorized by state statute to invest in:

1. Obligations of the United States and of its agencies and instrumentalities;
2. Obligations and contracts for future delivery or purchases of obligations backed by the full faith and credit of the United States or a United States government agency.
3. Obligations of any corporation of the United States government
4. Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligation permitted by Section 41.240(4) of the Kentucky Revised Statutes.
5. Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one of these highest categories by a nationally recognized rating agency.
6. Bankers' acceptances for banks rated in one of the highest categories by a nationally recognized rating agency.
7. Commercial paper rated in the highest category by a nationally recognized rating agency.
8. Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
9. Securities issued by a state or local government or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency.
10. Shares of mutual funds, each of which shall have the following characteristics:
  - a. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
  - b. The management company of the investment company shall have been in operation for at least five (5) years; and
  - c. All of the securities in the mutual fund shall be eligible investments under this section

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

*Property Taxes and Tax Calendar*

Property taxes are levied as of January 1 on property values assessed as of the same date. The taxes are billed on approximately October 1 and are due and payable on December 31. On January 1, the bill becomes delinquent and penalties and interest may be assessed by the City. A lien may be placed on the property on January 1. Property tax rates for the year ended June 30, 2020, were \$.168 per \$100 valuation for real property. The assessed value of property on which the levy for 2019 was based was \$427,241,200.

*Short-Term Interfund Receivables/Payables*

During the course of operations, it is possible for transactions to occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet.

*Prepaid Items*

Payments made to vendors for services that will benefit periods beyond June 30, 2020 are recognized as prepaid items by the purchase method.

*Capital Assets*

Capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value. The City capitalizes infrastructure assets exceeding \$5,000 and all other assets at \$2,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet.

The range of lives used for depreciation purposes for each capital asset class are as follows:

|                              |       |       |
|------------------------------|-------|-------|
| Buildings                    | 20-28 | years |
| Building Improvements        | 7-20  | years |
| Public Domain Infrastructure | 25-30 | years |
| Vehicles                     | 5-20  | years |
| Office Equipment             | 5-20  | years |

*Deferred Revenue*

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

*Compensated Absences*

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees with at least five years of continuous service with the City, who retire with CERS benefits, will be paid one-half of their accumulated sick leave upon termination of employment. All vacation pay is accrued when incurred in the government-wide financial statements. The liability is reported on the statement of net position based on rates of pay in effect as of June 30, 2020.

*Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs are deferred and amortized over the life of bonds.

*Deferred Outflows/Inflows of Revenues*

The City reports separate sections of deferred inflows and deferred outflows of resources. These separate financial statement elements represent an acquisition or consumption of net position that applies to future periods. The City reports unavailable revenue in the governmental funds balance sheet only, from one source – property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government has two items that are reported only in the government-wide statement of net position - deferred outflow amounts related to pensions and OPEB contributions since the measurement date and other deferrals related to pensions and OPEB and deferred inflow amounts related to pensions and OPEB.

*Fund Balance Policies*

In the fund financial statements, government funds report components of fund balances for amounts that are non-spendable, assigned or unassigned. Non-spendable fund balances are resources that cannot be spent because of their form and because resources must be maintained intact. Assigned fund balances are those that are constrained by the government's intent to be used for specific purposes. Unassigned fund balance is the residual classification for the general fund. The assigned amounts can only be used when expenditures for the amounts set aside for that specific purpose are incurred. The City currently has two assigned funds, the Capital Projects Fund and the Wayfinding Signage Fund. To assign funds, the City Council would authorize the Mayor (chief executive officer) to assign fund balances through established procedures.

*Interfund Transactions*

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. The principal purpose of the City's interfund transfers is to account for capital purchases to be recorded in the Capital Projects and the Wayfinding Signage Funds.

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

*Required Supplementary Information Budgetary Policies*

All budgets are presented on the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedules present actual expenditures in accordance with the accounting principles generally accepted in the U.S. on a basis consistent with the legally adopted budgets.

*Restricted Revenues*

When there are restricted and unrestricted revenues in a program, the City's policy is that the restricted revenues are expended first.

*Use of Estimates*

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could differ from those estimates.

**NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. In accordance with City ordinance, by May 15<sup>th</sup>, the Mayor submits to the Council, a proposed operating budget on the modified accrual basis of accounting for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- B. A public meeting is conducted to obtain citizen comment.
- C. Prior to June 30, the budget is legally enacted through passage of an ordinance.
- D. The Mayor is required by Kentucky Revised Statutes to present a quarterly report to the Council explaining any variance from the approved budget.
- E. Appropriations continue in effect until a new budget is adopted.
- F. The Council authorizes supplemental appropriations during the year.

Expenditures may not legally exceed budgeted appropriations at the city level. Any revisions to the budget that would alter total revenues and expenditures of any fund must be approved by the Council; however, with proper approval by the City Administrator, budgetary transfers between departments can be made. All appropriations lapse at fiscal year-end.

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| <p><b>CITY OF CRESTVIEW HILLS, KENTUCKY</b><br/> <b>Notes to the Financial Statements</b><br/> <b>Year Ended June 30, 2020</b></p> |
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**NOTE C – DEPOSITS AND INVESTMENTS**

*Custodial Credit Risk – Deposits* – For deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned. The City maintains deposits with financial institutions insured by the Federal Deposit insurance Corporation (FDIC). As allowed by law, the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times. As of June 30, 2019, the City’s deposits are entirely insured and/or collateralized with securities held by the financial institutions on the District’ behalf and the FDIC insurance.

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

Investments’ fair value measurements and associated levels are as follows at June 30, 2020:

| Investments            | Fair Value Measurements Using |                   |                |                |
|------------------------|-------------------------------|-------------------|----------------|----------------|
|                        | Fair Value                    | Level 1 Inputs    | Level 2 Inputs | Level 3 Inputs |
| Government bonds:      |                               |                   |                |                |
| U.S. Treasury bill     | \$ 99,949                     | \$ 99,949         | \$ -           | \$ -           |
| U.S. Treasury note     | 101,422                       | 101,422           | -              | -              |
| Total government bonds | <u>201,371</u>                | <u>201,371</u>    | <u>-</u>       | <u>-</u>       |
| Total Investments      | <u>\$ 201,371</u>             | <u>\$ 201,371</u> | <u>\$ -</u>    | <u>\$ -</u>    |

|   |
|---|
| <b>CITY OF CRESTVIEW HILLS, KENTUCKY</b><br><b>Notes to the Financial Statements</b><br><b>Year Ended June 30, 2020</b> |
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**NOTE D – CAPITAL ASSETS AND DEPRECIATION**

Capital assets activity for the year ended June 30, 2020 was as follows:

|  | <u>June 30,</u><br><u>2019</u> | <u>Additions</u> | <u>Retirements</u> | <u>June 30,</u><br><u>2020</u> |
|--|--------------------------------|------------------|--------------------|--------------------------------|
| <b>Governmental activities:</b>                  |                                |                  |                    |                                |
| Assets not being depreciated                     |                                |                  |                    |                                |
| Land   | \$ 260,000                     | \$ -             | \$ -               | \$ 260,000                     |
| Subtotal   | <u>260,000</u>                 | <u>-</u>         | <u>-</u>           | <u>260,000</u>                 |
| Other capital assets                             |                                |                  |                    |                                |
| Buildings  | 2,590,889                      | -                | -                  | 2,590,889                      |
| Improvements/infrastructure                      | 13,359,832                     | 570,422          | -                  | 13,930,253                     |
| Equipment  | 199,337                        | 34,496           | -                  | 233,834                        |
| Vehicles   | 50,050                         | -                | -                  | 50,050                         |
| Subtotal   | <u>16,200,108</u>              | <u>604,918</u>   | <u>-</u>           | <u>16,805,026</u>              |
| Accumulated depreciation                         |                                |                  |                    |                                |
| Buildings  | (1,146,441)                    | (88,425)         | -                  | (1,234,866)                    |
| Improvements/infrastructure                      | (10,370,853)                   | (499,275)        | -                  | (10,870,128)                   |
| Equipment  | (193,192)                      | (5,711)          | -                  | (198,903)                      |
| Vehicles   | (30,559)                       | (5,884)          | -                  | (36,444)                       |
| Subtotal   | <u>(11,741,046)</u>            | <u>(599,295)</u> | <u>-</u>           | <u>(12,340,341)</u>            |
| Other capital assets, less depreciation          | <u>4,459,062</u>               | <u>5,623</u>     | <u>-</u>           | <u>4,464,685</u>               |
| <b>Government activities capital assets, net</b> | <u>\$ 4,719,062</u>            | <u>\$ 5,623</u>  | <u>\$ -</u>        | <u>\$ 4,724,685</u>            |

Depreciation was charged to the following governmental activities:

|                    |                   |
|--------------------|-------------------|
| General Government | \$ 100,020        |
| Public Works       | 499,275           |
| Total              | <u>\$ 599,295</u> |

|  |
|--|
| <p><b>CITY OF CRESTVIEW HILLS, KENTUCKY</b><br/> <b>Notes to the Financial Statements</b><br/> <b>Year Ended June 30, 2020</b></p> |
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**NOTE E – DEBT**

The City’s only debt is the amount of unpaid vacation owed to City employees. The total is \$33,446 of which \$8,444 is current and payable in the next twelve months and \$25,002 is long-term. These funds are liquidated through the General Fund.

Short-term liability activity for the year ended June 30, 2020, was as follows:

|                                  | Balance at<br>June 30,<br>2019 | Additions        | Retirements       | Balance at<br>June 30,<br>2020 | Current<br>Position |
|----------------------------------|--------------------------------|------------------|-------------------|--------------------------------|---------------------|
| <b>Governmental activities -</b> |                                |                  |                   |                                |                     |
| Compensated absences             | \$ 27,402                      | \$ 14,656        | \$ (8,612)        | \$ 33,446                      | \$ 8,444            |
| Total government activities      | <u>\$ 27,402</u>               | <u>\$ 14,656</u> | <u>\$ (8,612)</u> | <u>\$ 33,446</u>               | <u>\$ 8,444</u>     |

**NOTE F – CLAIMS AND JUDGMENTS**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**NOTE G – EMPLOYEES’ RETIREMENT SYSTEMS**

The City’s eligible employees are covered by the County Employees Retirement System (CERS), which is discussed in detail below.

***COUNTY EMPLOYEES RETIREMENT SYSTEM – (CERS)***

*Plan description* - Employees are covered by CERS (County Employees Retirement System), a cost-sharing multiple-employer defined benefit pension and health insurance (Other Post-Employment Benefits; OPEB) plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statue (“KRS”) Section 61.645, the Board of Trustees of the Kentucky Retirement administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

The Plan is divided into both a **Pension Plan** and **Health Insurance Fund Plan** (Other Post-Employment Benefits; OPEB) and each plan is further sub-divided based on **Non-Hazardous** duty and **Hazardous** duty covered-employee classifications. The City has only Non-Hazardous plan employees.

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

Membership in CERS consisted of the following at June 30, 2019:

|                       | Non-hazardous                     | Hazardous | Total   |
|-----------------------|-----------------------------------|-----------|---------|
| Active Plan Members   | 84,632                            | 9,402     | 94,034  |
| Inactive Plan Members | 85,300                            | 2,702     | 88,002  |
| Retired Members       | 58,933                            | 8,000     | 66,933  |
|                       | 228,865                           | 20,104    | 248,969 |
|                       | Number of participating employers |           | 1,140   |

**PENSION PLAN**

**Non-Hazardous Pension Plan Description**

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

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

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years of 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 or 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.

*Contributions* – Required pension plan contributions by the employee are based on the tier:

|        | Required Contribution |
|--------|-----------------------|
| Tier 1 | 5%                    |
| Tier 2 | 5%                    |
| Tier 3 | 5%                    |

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| <p><b>CITY OF CRESTVIEW HILLS, KENTUCKY</b><br/> <b>Notes to the Financial Statements</b><br/> <b>Year Ended June 30, 2020</b></p> |
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**Contributions.**

For non-hazardous duty employees, the City contributed 24.06% of which 19.30% was for the pension fund and 4.76% was for the health insurance fund, of the non-hazardous duty covered-employee's compensation during the fiscal year ended June 30, 2020. The City made all required contributions for the non-hazardous Plan obligation for the fiscal year in the amount of \$59,158, of which \$47,455 was for the pension fund and \$11,704 was for the health insurance fund.

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

At June 30, 2020, the City reported a liability of \$639,655 as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the City's non-hazardous employer allocation proportion was 0.0091% of the total CERS non-hazardous duty employees. For the year ended June 30, 2020, the City recognized pension expense of \$64,002 in addition to its \$47,455 pension contribution.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Non-Hazardous                    |                                 |
|--|----------------------------------|---------------------------------|
|  | Deferred Outflow<br>of Resources | Deferred Inflow<br>of Resources |
| Differences between expected and actual experience   | \$ 16,332                        | \$ (2,703)                      |
| Net difference between projected actual earnings on plan investments                                 | -                                | (10,311)                        |
| Changes of assumptions   | 64,740                           | -                               |
| Changes in proportion and differences between contributions and proportionate share of contributions | 35,517                           | (6,546)                         |
| Contributions subsequent to the measurement date   | 47,455                           | -                               |
|  | <u>\$ 164,044</u>                | <u>\$ (19,560)</u>              |

The City's contributions subsequent to the measurement date of \$47,455 will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

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| <p><b>CITY OF CRESTVIEW HILLS, KENTUCKY</b><br/> <b>Notes to the Financial Statements</b><br/> <b>Year Ended June 30, 2020</b></p> |
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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Measurement Year<br>Ending June 30, | Net<br>Deferral |
|-------------------------------------|-----------------|
| 2020                                | \$ 54,255       |
| 2021                                | 30,422          |
| 2022                                | 11,621          |
| 2023                                | 732             |
| 2024                                | -               |
| Thereafter                          | -               |
|                                     | \$ 97,030       |

**Actuarial Assumptions**

The total pension liability as of June 30, 2020 is based on an actuarial valuation date of June 30, 2017, rolled forward to June 30, 2019, and determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |   |
|---------------------------|---|
| Valuation date            | June 30, 2017   |
| Experience study          | July 1, 2008 – June 30, 2013  |
| Actuarial cost method     | Entry Age Normal  |
| Amortization method       | Level percentage of payroll   |
| Amortization period       | 26 years, closed  |
| Asset valuation method    | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized |
| Payroll growth            | 2.00%   |
| Inflation                 | 2.30%   |
| Salary increase           | 3.05-3.30%, minimum, including inflation  |
| Investment rate of return | 6.25%, net of pension plan expense, including inflation   |

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

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for CERS. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense, and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

**Changes of Assumptions**

In June 2019, based on the 2018 Actuarial Experience Study for the Period Ending June 30, 2018, the following actuarial assumptions were updated:

- Annual salary increases were updated.
- Annual rates of retirement, disability, withdrawal, and mortality were updated.
- The percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for non-hazardous members and 50% for hazardous duty members.

In 2017, the demographic and economic assumptions that affect the measurement of the total pension liability were updated as follows:

- The assumed investment rate was decreased from 7.5% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- The assumed rate of wage inflation was reduced from 4.00% to 3.05%.
- The asset valuation method changed from *5-Year Smoothed* to *20% of the difference between market and actuarial values*.
- Payroll growth assumption was reduced from 4.00% to 2.00%.
- The mortality table used for active members is RP-2000 Combined mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- The assumed rates of retirement, withdrawal and disability were updated to more accurately reflect experience.

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

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                                       | CERS Pensions<br>(Haz & Non-Haz)<br>Target<br>Allocation | Long Term<br>Expected<br>Nominal Return |
|---|--|---|
| Combined equity                                   | 37.5%  | 4.55%                                   |
| Specialty credit / high yield                     | 15.0%  | 2.60%                                   |
| Real return (diversified<br>inflation strategies) | 15.0%  | 4.10%                                   |
| Absolute return (diversified<br>hedge funds)      | 3.0%   | 2.97%                                   |
| Private equity                                    | 10.0%  | 6.65%                                   |
| Real estate                                       | 5.0%   | 4.85%                                   |
| Global bonds                                      | 13.5%  | 1.35%                                   |
| Cash  | 1.0%   | 0.20%                                   |

**Discount Rate**

The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term assumed investment rate of return was applied to all periods of projected of benefit payments to determine the total pension liability.

**Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City’s proportionate share of the net pension liability 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:

|               | Proportionate Share of Net Pension Liability |              |             |
|---------------|--|--------------|-------------|
|               | 1% Decrease                                  | Current Rate | 1% Increase |
|               | 5.25%  | 6.25%        | 7.25%       |
| Non-hazardous | \$ 800,027                                   | \$ 639,655   | \$ 505,987  |
| Total         | \$ 800,027                                   | \$ 639,655   | \$ 505,987  |

**CERS HEALTH INSURANCE – OTHER POST-EMPLOYMENT BENEFITS**

**Non-Hazardous OPEB Plan Description**

*Benefits Provided* – CERS provides retirement, health insurance, death and disability benefits to non-hazardous duty plan employees and beneficiaries. Health insurance coverage is provided through payment/partial payment of insurance premiums for both non-Medicare-eligible and Medicare-eligible retirees.

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| <p><b>CITY OF CRESTVIEW HILLS, KENTUCKY</b><br/> <b>Notes to the Financial Statements</b><br/> <b>Year Ended June 30, 2020</b></p> |
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|        |   |  |
|--------|---|--|
| Tier 1 | Participation date                            | Before July 1, 2003  |
|        | Benefit eligibility                           | Recipient of a retirement allowance  |
|        | Percentage of member premium paid by the plan | < 4 years service - 0%<br>4-9 years service - 25%<br>10-14 years service - 50%<br>15-19 years service - 75%<br>20 or more years service - 100% |
| Tier 2 | Participation date                            | July 1, 2003 - August 31, 2008   |
|        | Benefit eligibility                           | Recipient of a retirement allowance with at least 120 months of service at retirement  |
|        | Member premium paid by the plan               | \$10/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2018, the contribution was \$13.38 per month.       |
| Tier 3 | Participation date                            | On or after September 1, 2008  |
|        | Benefit eligibility                           | Recipient of a retirement allowance with at least 180 months of service at retirement  |
|        | Member premium paid by the plan               | \$10/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2018, the contribution was \$13.38 per month.       |

*Contributions* – Required health insurance plan contributions by the employee are based on the tier:

|        | <u>Required Contribution</u> |
|--------|------------------------------|
| Tier 1 | None                         |
| Tier 2 | 1%                           |
| Tier 3 | 1%                           |

**Contributions**

Contribution requirements for covered employees and participating governmental entities are established and may be amended by the KRS Trustees. The contractually required contribution rate for governmental entities was 4.76% of covered-employee payroll for non-hazardous duty employees; actuarially determined as an amount that is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the City were \$11,704 for non-hazardous duty employees for the year ended June 30, 2020.

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

At June 30, 2020, the City reported a liability of \$152,940 as its proportionate share of the net OPEB liability. The net pension liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined.

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| <p><b>CITY OF CRESTVIEW HILLS, KENTUCKY</b><br/> <b>Notes to the Financial Statements</b><br/> <b>Year Ended June 30, 2020</b></p> |
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At June 30, 2019, the City's non-hazardous employer allocation proportion was 0.0091% of the total CERS non-hazardous duty employees. For the year ended June 30, 2020, the City recognized OEPB expense of \$4,885 in addition to its \$11,704 OEPB contribution.

In addition, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | Non-Hazardous                    |                                 |
|--|----------------------------------|---------------------------------|
|  | Deferred Outflow<br>of Resources | Deferred Inflow<br>of Resources |
| Differences between expected and actual experience   | \$ -                             | \$ (46,146)                     |
| Net difference between projected actual earnings on plan investments                                 | -                                | (6,793)                         |
| Changes of assumptions   | 45,256                           | (303)                           |
| Changes in proportion and differences between contributions and proportionate share of contributions | 12,781                           | (235)                           |
| Contributions subsequent to the measurement date   | 11,704                           | -                               |
|  | <u>\$ 69,741</u>                 | <u>\$ (53,477)</u>              |

The City's contributions subsequent to the measurement date, \$11,704 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

| Measurement Year<br>Ending June 30, | Net<br>Deferral |
|-------------------------------------|-----------------|
| 2020                                | \$ 1,336        |
| 2021                                | 1,336           |
| 2022                                | 3,496           |
| 2023                                | (647)           |
| 2024                                | (939)           |
| Thereafter                          | (22)            |
|                                     | <u>\$ 4,560</u> |

**Actuarial Assumptions**

The total OPEB liability as of June 30, 2020 is based on an actuarial valuation date of June 30, 2017, rolled forward to June 30, 2019, and determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                       |                              |
|-----------------------|------------------------------|
| Valuation date        | June 30, 2017                |
| Experience study      | July 1, 2008 – June 30, 2013 |
| Actuarial cost method | Entry Age Normal             |

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

|                                   |  |
|-----------------------------------|--|
| Amortization method               | Level percentage of payroll  |
| Amortization period               | 26 years, closed   |
| Asset valuation method            | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized      |
| Payroll growth                    | 2.00%  |
| Inflation                         | 2.30%  |
| Salary increase                   | 3.05-3.30%, minimum, including inflation   |
| Investment rate of return         | 6.25%, net of pension plan expense, including inflation,   |
| Mortality:                        | RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set-back 1 year for females)                        |
| Healthcare trend rates (Pre-65):  | Initial trend starting at 7.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. |
| Healthcare trend rates (Post-65): | Initial trend starting at 5.10% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years. |

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are as follows:

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                                       | CERS Health<br>Insurance<br>Target<br>Allocation | Long Term<br>Expected<br>Nominal Return |
|---|--|---|
| Combined equity                                   | 37.5%  | 4.55%                                   |
| Specialty credit / high yield                     | 15.0%  | 2.60%                                   |
| Real return (diversified<br>inflation strategies) | 15.0%  | 4.10%                                   |
| Absolute return (diversified<br>hedge funds)      | 3.0%   | 2.97%                                   |
| Private equity                                    | 10.0%  | 6.65%                                   |
| Real estate                                       | 5.0%   | 4.85%                                   |
| Global bonds                                      | 13.5%  | 1.35%                                   |
| Cash  | 1.0%   | 0.20%                                   |

**Changes of Assumptions**

In June 2019, based on the 2018 Actuarial Experience Study for the Period Ending June 30, 2018, the following actuarial assumptions were updated:

- Annual salary increases were updated.
- Annual rates of retirement, disability, withdrawal, and mortality were updated.

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| <p><b>CITY OF CRESTVIEW HILLS, KENTUCKY</b><br/> <b>Notes to the Financial Statements</b><br/> <b>Year Ended June 30, 2020</b></p> |
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- The percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for non-hazardous members and 50% for hazardous duty members.

In 2019 the following changes were made to the discount rates:

- For the non-hazardous plan, the single discount rate changed from 5.85% to 5.68%

In 2018 the following changes were made to the discount rates:

- For the non-hazardous plan, the single discount rate changed from 5.84% to 5.85%

In 2017, the demographic and economic assumptions that affect the measurement of the total OPEB liability were updated as follows:

- The assumed investment return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- The assumed rate of salary increase was reduced from 4.00% to 3.05%.
- The asset valuation method changed from *5-Year Smoothed* to *20% of the difference between market and actuarial values*.
- Payroll growth assumption was reduced from 4.00% to 2.00%.
- The mortality table used for active members is RP-2000 Combined mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).

**Discount Rate**

The discount rate used to measure the total OPEB liability was 5.68% for the non-hazardous plan and 5.69% for the hazardous plan. The projection of cash flows used to determine the discount rate assumed that contributions from governmental entities will be made at contractually required rates, actuarially determined. Based on this assumption, the Plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the proportionate share of the net OPEB liability calculated using the discount rates of 5.68% for the non-hazardous plan, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

|                              | Proportionate Share of Net OPEB Liability |              |                |
|------------------------------|---|--------------|----------------|
|                              | 1.00% Decrease                            | Current Rate | 1.00% Increase |
| Discount Rate, Non-Hazardous | 4.68%                                     | 5.68%        | 6.68%          |
| Net OPEB liability, Non-Haz  | \$ 204,877                                | \$ 152,940   | \$ 110,148     |
| Total                        | \$ 204,877                                | \$ 152,940   | \$ 110,148     |

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| <p><b>CITY OF CRESTVIEW HILLS, KENTUCKY</b><br/> <b>Notes to the Financial Statements</b><br/> <b>Year Ended June 30, 2020</b></p> |
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**Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the proportionate share of the net OPEB liability, as well as what the proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| Health Care Cost Trend Rate | Proportionate Share of Net OPEB Liability |              |                |
|-----------------------------|---|--------------|----------------|
|                             | 1.00% Decrease                            | Current Rate | 1.00% Increase |
| Net OPEB liability, Non-Haz | \$ 113,742                                | \$ 152,940   | \$ 200,472     |
| Total                       | \$ 113,742                                | \$ 152,940   | \$ 200,472     |

**Plan Fiduciary Net Position**

Both the Pension Plan and the Health Insurance Plan issue publicly available financial report that include financial statements and required supplementary information, and detailed information about each Plan’s fiduciary net position. These reports may be obtained, in writing, from the County Employee Retirement System, 1260 Louisville Road, Perimeter Park West, Frankfort, Kentucky, 40601.

**NOTE H – CONTINGENT LIABILITIES**

The City is not currently a defendant in any lawsuits.

**NOTE I – RISK MANAGEMENT**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The City has obtained insurance coverage through Kentucky League of Cities (KLC) Insurance Services. In addition, the City has effectively managed risk through various employee education and prevention programs through the efforts and cooperation of its risk manager and department heads. All risk general liability management activities are accounted for in the General Fund. Expenditures and claims are recognized when probable that a loss has occurred, and the amount of loss can be reasonably estimated.

The City estimates that the amount of actual or potential claims against the City as of June 30, 2020, will not materially affect the financial condition of the City. Therefore, the General Fund contains no provision for estimated claims. No claim has exceeded insurance coverage amounts in the past three fiscal years.

**NOTE J – JOINTLY GOVERNED ORGANIZATION**

In 1968, the cities of Crestview Hills and Lakeside Park signed an interlocal agreement to form a joint police authority. The Lakeside Park-Crestview Hills Police Authority (Authority) is governed by a 5-member board, board members are appointed by the City of Crestview Hills and by the City of Lakeside Park with the majority of the members (3) rotated each year among the cities. The Chairmanship of the Board rotates each year between the two cities based on the majority. The Authority is an independent legal entity established by the interlocal agreement and the cities have no ongoing financial interest in

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| <p><b>CITY OF CRESTVIEW HILLS, KENTUCKY</b><br/> <b>Notes to the Financial Statements</b><br/> <b>Year Ended June 30, 2020</b></p> |
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the entity. In the event of the dissolution of the Authority, each city retains an ‘in-substance’ residual interest, based on the percentage of each city’s total contributions, to any property owned by the entity.

The cities pay the Authority an annual amount for police protection services. This amount is determined by a formula that takes into account the property values, call volumes, and types of property activities (i.e. residential, commercial, etc.) within each city. In fiscal year 2019-2020, the City of Crestview Hills paid \$1,364,833 to the Authority for police protection services.

**NOTE K – COMMITMENTS**

On April 1, 2018, the City entered into two separate agreements with the City of Ft. Mitchell and the City of Edgewood for Ft. Mitchell and Edgewood to provide fire and basic life support services for certain geographic portions of Crestview Hills. The portion covered by Ft. Mitchell is approximately two thirds of the City. These agreements terminate on March 31, 2022. The contract amounts for fire and emergency services from Ft. Mitchell and Edgewood are \$271,250 and \$247,500, respectively.

Effective July 1, 2019, the City entered into a one-year agreement with Rumpke of Kentucky, Inc. for solid waste collection and recycling services. The amount paid for the fiscal year ended June 30, 2020 was \$172,603.

**NOTE L – TAX ABATEMENTS**

In accordance with GASB 77, the City had the following tax abatements for the fiscal year ended June 30, 2020:

| Tax Payer  | Tax Approved for Abatement             | Authority   | Commitment                                | Amount Abated this Fiscal Year | Date Abatement Ends               |
|--|--|---|---|--------------------------------|-----------------------------------|
| Residents on Private Street                      | \$0.025 per \$100 Assessment           | Crestview Hills City Council Ordinance 2010-15-02 | 5 years with renewal after review by City | \$ 23,216                      | July 2020, with potential renewal |
| Residents in College Park Neighborhood           | Up to \$350 annual property tax rebate | Crestview Hills City Council Ordinance 2017-01-01 | 7 Years                                   | \$ -                           | December 31, 2023                 |
| GreenSky, LLC                                    | Occupational License Fee               | Kentucky Business Investment Pogram               | 10 Years                                  | \$ 29,414                      | July 2026                         |
| Total Abatement for the Year Ended June 30, 2020 |  |   |   | <u>\$ 52,630</u>               |                                   |

**NOTE M – COVID-19 GLOBAL PANDEMIC**

The primary effects on the City from the COVID-19 Global Pandemic has been a reduction in payroll and occupational license tax revenue received and an increase in unbudgeted expenses for personal protective equipment. City management is unsure of a timeline for when, or if, these revenues and expenses will return to pre-pandemic levels. The 2020-21 fiscal year budget has been passed to incorporate the effects of the pandemic on the revenues and expenses.

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**NOTE N – CARES ACT FUNDING**

In response to the COVID-19 Global Pandemic, the City has qualified and been approved for \$295,800 in Federal CARES Act funding passed through the Commonwealth of Kentucky's Department for Local Government. This funding has been designated to reimburse the City for payroll expenses for public safety employees during the pandemic. The City has recognized these funds as other financial resources and as an accounts receivable at June 30, 2020

**NOTE O – IMPLEMENTATION OF NEW ACCOUNTING STANDARDS**

Statement No. 83 – *Certain Asset Retirement Obligations* – FY 2020

Statement No. 88 – *Certain Disclosures Related to Debt* – FY 2020

Statement No. 95 – *Postponement of Effective Dates of Authoritative Guidance* – FY 2020

**NOTE P – FUTURE ACCOUNTING STANDARDS**

Statement No. 84 – *Fiduciary Activities* – FY 2021

Statement No. 87 – *Leases* – FY 2022

Statement No. 89 – *Accounting for Interest Cost in Construction Projects* – FY 2021

Statement No. 90 – *Majority Equity Interests* – FY 2021

Statement No. 91 – *Conduit Debt Obligations* – FY 2023

Statement No. 92 – *Omnibus 2020* – FY 2022

Statement No. 93 – *Replacement of Interbank Offered Rates* – FY 2022

Statement No. 94 – *Public-Private and Public-Public Partnerships* – FY 2022

Statement No. 96 – *Subscription-Based Information Technology Arrangements* – FY 2022

Statement No. 97 – *Component Unit Criteria for IRS Section 457 Deferred Comp. Plans* – FY 2022

**NOTE Q – SUBSEQUENT EVENTS**

The City's management has evaluated events through November 30, 2020, the date on which the financial statements were available for issue. The City's management did not have any events subsequent to June 30, 2020 through November 30, 2020 to disclose.

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## REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**For the Year Ended June 30, 2020**

|  | Budgeted Amounts    |             |                     | Actual             | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|---------------------|-------------|---------------------|--------------------|---|
|  | Original            | Amendments  | Final               |                    |   |
| <b>Budgetary fund balance, July 1</b>        | \$ 3,149,826        | \$ -        | \$ 3,149,826        | \$3,323,248        | \$ 173,422  |
| <b>Prior year fund balance adjustments</b>   | -                   | -           | -                   | -                  | -   |
| <b>Resources (inflows):</b>                  |                     |             |                     |                    |   |
| Taxes  | 728,500             | -           | 728,500             | 701,471            | (27,029)  |
| Licenses and permits:                        | 2,873,458           | -           | 2,873,458           | 2,848,914          | (24,544)  |
| Intergovernmental                            | 136,730             | -           | 136,730             | 373,635            | 236,905   |
| Charges for services                         | 128,760             | -           | 128,760             | 121,410            | (7,350)   |
| Fines and forfeitures                        | 5,750               | -           | 5,750               | 5,646              | (104)   |
| Investment income                            | 25,000              | -           | 25,000              | 23,022             | (1,978)   |
| Miscellaneous                                | 3,000               | -           | 3,000               | 15,548             | 12,548  |
| <b>Amounts available for appropriation</b>   | <u>7,051,024</u>    | <u>-</u>    | <u>7,051,024</u>    | <u>7,412,894</u>   | <u>361,870</u>  |
| <b>Charges to appropriations (outflows):</b> |                     |             |                     |                    |   |
| General government                           | 705,531             | -           | 705,531             | 622,282            | 83,249  |
| Public safety                                | 1,901,583           | -           | 1,901,583           | 1,901,044          | 539   |
| Public works                                 | 466,194             | -           | 466,194             | 351,438            | 114,756   |
| Community development                        | 109,153             | -           | 109,153             | 92,648             | 16,505  |
| Transfers out                                | 599,500             | -           | 599,500             | 493,846            | 105,654   |
| <b>Total charges to appropriation</b>        | <u>3,781,961</u>    | <u>-</u>    | <u>3,781,961</u>    | <u>3,461,258</u>   | <u>320,703</u>  |
| <b>Budgetary fund balance, June 30</b>       | <u>\$ 3,269,063</u> | <u>\$ -</u> | <u>\$ 3,269,063</u> | <u>\$3,951,636</u> | <u>\$ 682,573</u>   |

|   |
|---|
| <b>CITY OF CRESTVIEW HILLS, KENTUCKY</b><br><b>BUDGETARY COMPARISON SCHEDULE - WAYFINDING SIGNAGE FUND</b><br><b>For the Year Ended June 30, 2020</b> |
|---|

|  | Budgeted Amounts |             |               | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|------------------|-------------|---------------|-------------------|---|
|  | Original         | Amendments  | Final         |                   |   |
| <b>Budgetary fund balances, July 1</b>       | \$ -             | \$ -        | \$ -          | \$ 2,790          | \$ 2,790  |
| <b>Resources (inflows):</b>                  |                  |             |               |                   |   |
| Special assessments                          | 24,500           | -           | 24,500        | 24,526            | 26  |
| <b>Amounts available for appropriation</b>   | <u>24,500</u>    | <u>-</u>    | <u>24,500</u> | <u>27,316</u>     | <u>2,816</u>  |
| <b>Charges to appropriations (outflows):</b> |                  |             |               |                   |   |
| Transfer to General Fund                     | 24,500           | -           | 24,500        | 24,526            | (26)  |
| Bank fees                                    | -                | -           | -             | -                 | -   |
| <b>Total appropriations</b>                  | <u>24,500</u>    | <u>-</u>    | <u>24,500</u> | <u>24,526</u>     | <u>(26)</u>   |
| <b>Budgetary fund balances, June 30</b>      | <u>\$ -</u>      | <u>\$ -</u> | <u>\$ -</u>   | <u>\$ 2,790</u>   | <u>\$ 2,790</u>   |

**Note - Other supplementary information:** The basis of budgeting is the same as GAAP

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**CERS - REQUIRED SUPPLEMENTARY INFORMATION - MULTIPLE EMPLOYER, COST SHARING,**  
**DEFINED BENEFIT, PENSION PLAN DISCLOSURE-NON-HAZARDOUS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**Kentucky County Employees' Retirement System (CERS)**  
**Last Ten Fiscal Years**

|   | 2019       | 2018       | 2017       | 2016       | 2015       | 2014       | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|------------|------------|------------|------------|------------|------------|------|------|------|------|------|
| Proportion of net pension liability   | 0.00910%   | 0.83200%   | 0.00809%   | 0.00920%   | 0.00973%   | 0.00894%   |      |      |      |      |      |
| Proportionate share of the net pension liability (asset)                          | \$ 639,655 | \$ 506,713 | \$ 473,767 | \$ 453,097 | \$ 418,472 | \$ 289,995 |      |      |      |      |      |
| Covered payroll in year of measurement  | 229,424    | 210,840    | 207,232    | 227,093    | 224,039    | 221,040    |      |      |      |      |      |
| Share of the net pension liability (asset) as a percentage of its covered payroll | 278.81%    | 240.33%    | 228.62%    | 199.52%    | 186.79%    | 131.20%    |      |      |      |      |      |
| Plan fiduciary net position as a percentage of total pension liability            | 53.54%     | 53.54%     | 53.30%     | 55.50%     | 59.97%     | 66.80%     |      |      |      |      |      |

**Schedule of the City's Pension Fund Contributions**  
**Kentucky County Employees' Retirement System (CERS)**  
**Last Ten Fiscal Years**

|  | 2020      | 2019      | 2018      | 2017      | 2016      | 2015      | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|------|------|------|------|------|
| Contractually required contribution              | \$ 47,455 | \$ 37,213 | \$ 30,530 | \$ 26,888 | \$ 28,205 | \$ 28,565 |      |      |      |      |      |
| Actual contribution                              | 47,455    | 37,213    | 30,530    | 26,888    | 28,205    | 28,565    |      |      |      |      |      |
| Contribution deficiency (excess)                 | -         | -         | -         | -         | -         | -         |      |      |      |      |      |
| Covered payroll                                  | 245,879   | 229,424   | 210,840   | 207,232   | 227,093   | 224,039   |      |      |      |      |      |
| Contributions as a percentage of covered payroll | 19.30%    | 16.22%    | 14.48%    | 13.95%    | 12.42%    | 12.75%    |      |      |      |      |      |

**Notes to Required Supplementary Information for the Year Ended June 30, 2020**

The net pension liability as of June 30, 2020, is based on the June 30, 2019, actuarial valuation. The changes to the elements of the pension expense, i.e. the differences between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, the changes in proportion and differences between the City's contributions and proportionate share of contributions, and the City's contributions subsequent to the measurement date are detailed in NOTE G in the Notes to the Financial Statements.

**CITY OF CRESTVIEW HILLS, KENTUCKY**

**CERS - REQUIRED SUPPLEMENTARY INFORMATION - MULTIPLE EMPLOYER, COST SHARING,  
DEFINED BENEFIT, OPEB PLAN DISCLOSURE-NON-HAZARDOUS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Schedule of the City's Proportionate Share of the Net Pension Liability  
Kentucky County Employees' Retirement System (CERS)  
Last Ten Fiscal Years**

|   | 2019       | 2018       | 2017       | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|------------|------------|------------|------|------|------|------|------|------|------|------|
| Proportion of net pension liability   | 0.00909%   | 0.00838%   | 0.00809%   |      |      |      |      |      |      |      |      |
| Proportionate share of the net pension liability (asset)                          | \$ 152,940 | \$ 148,803 | \$ 162,717 |      |      |      |      |      |      |      |      |
| Covered payroll in year of measurement  | 229,424    | 210,840    | 207,232    |      |      |      |      |      |      |      |      |
| Share of the net pension liability (asset) as a percentage of its covered payroll | 66.66%     | 70.58%     | 78.52%     |      |      |      |      |      |      |      |      |
| Plan fiduciary net position as a percentage of total pension liability            | 57.62%     | 57.62%     | 52.40%     |      |      |      |      |      |      |      |      |

**Schedule of the City's Pension Fund Contributions  
Kentucky County Employees' Retirement System (CERS)  
Last Ten Fiscal Years**

|  | 2020      | 2019      | 2018     | 2017     | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|-----------|-----------|----------|----------|------|------|------|------|------|------|------|
| Contractually required contribution              | \$ 11,704 | \$ 12,068 | \$ 9,909 | \$ 9,117 |      |      |      |      |      |      |      |
| Actual contribution                              | 11,704    | 12,068    | 9,909    | 9,117    |      |      |      |      |      |      |      |
| Contribution deficiency (excess)                 | -         | -         | -        | -        |      |      |      |      |      |      |      |
| Covered payroll                                  | 245,879   | 229,424   | 210,840  | 207,232  |      |      |      |      |      |      |      |
| Contributions as a percentage of covered payroll | 5.26%     | 5.26%     | 4.70%    | 4.73%    |      |      |      |      |      |      |      |

**Notes to Required Supplementary Information for the Year Ended June 30, 2020**

The net OPEB liability as of June 30, 2020, is based on the June 30, 2019, actuarial valuation. The changes to the elements of the OPEB expense, i.e. the differences between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, the changes in proportion and differences between the City's contributions and proportionate share of contributions, and the City's contributions subsequent to the measurement date are detailed in NOTE G in the Notes to the Financial Statements.

## SUPPLEMENTARY INFORMATION

|   |
|---|
| <b>CITY OF CRESTVIEW HILLS, KENTUCKY</b><br><b>BUDGETARY COMPARISON SCHEDULE - CAPITAL PROJECTS FUND</b><br><b>For the Year Ended June 30, 2020</b> |
|---|

|  | Budgeted Amounts |             |                | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|------------------|-------------|----------------|-------------------|---|
|  | Original         | Amendments  | Final          |                   |   |
| <b>Budgetary fund balances, July 1</b>       | \$ -             | \$ -        | \$ -           | \$ -              | \$ -  |
| <b>Resources (inflows):</b>                  |                  |             |                |                   |   |
| Transfers in                                 | 575,000          | -           | 575,000        | 493,846           | (81,154)  |
| <b>Amounts available for appropriation</b>   | <u>575,000</u>   | <u>-</u>    | <u>575,000</u> | <u>493,846</u>    | <u>(81,154)</u>   |
| <b>Charges to appropriations (outflows):</b> |                  |             |                |                   |   |
| Capital outlay                               | 575,000          | -           | 575,000        | 493,846           | 81,154  |
| <b>Total appropriations</b>                  | <u>575,000</u>   | <u>-</u>    | <u>575,000</u> | <u>493,846</u>    | <u>81,154</u>   |
| <b>Budgetary fund balances, June 30</b>      | <u>\$ -</u>      | <u>\$ -</u> | <u>\$ -</u>    | <u>\$ -</u>       | <u>\$ -</u>   |

**Note - Other supplementary information:** The basis of budgeting is the same as GAAP

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# STATISTICAL SECTION

## STATISTICAL SECTION NARRATIVE

The Statistical Section of the City of Crestview Hills Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding the information in the financial statements, notes and supplementary information as it pertains to the overall financial health of the City.

### **Section 1: Financial Trend Data:**

Pages 58-62

These tables contain trend information to help the reader understand how the City's financial status has changed in recent years.

### **Section 2: Revenue Capacity:**

Pages 63-67

These tables contain information to help the reader assess the City's most significant local sources of revenue.

### **Section 3: Debt Capacity:**

Pages 68-71

These tables include information to help the reader assess the affordability of the City's current outstanding debt and its ability to issue additional debt in the future.

### **Section 4: Demographic and Economic Information:**

Pages 72-75

This table shows demographic and economic indicators to help the reader understand the local environment in which the City's financial activities take place.

### **Section 5: Operating Information:**

Pages 72-73

These tables contain service and infrastructure data to help the reader understand how the information contained in this report relates to the City's services and activities.

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

|   | Fiscal Year         |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2010-2011           | 2011-2012           | 2012-2013           | 2013-2014           | 2014-2015           | 2015-2016           | 2016-2017           | 2017-2018           | 2018-2019           | 2019-2020           |
| <b>Governmental activities</b>                    |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Net investment in capital assets                  | \$ 1,394,098        | \$ 1,238,466        | \$ 1,384,751        | \$ 1,563,410        | \$ 1,893,526        | \$ 3,911,302        | \$ 4,894,134        | \$ 4,903,229        | \$ 4,719,062        | \$ 4,724,685        |
| Restricted  | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Unrestricted                                      | 4,243,194           | 4,317,207           | 4,417,337           | 4,459,878           | 4,116,532           | 2,588,155           | 2,549,688           | 2,453,605           | 2,735,678           | 3,289,133           |
| <b>Total governmental activities net position</b> | <b>\$ 5,637,292</b> | <b>\$ 5,555,673</b> | <b>\$ 5,802,088</b> | <b>\$ 6,023,288</b> | <b>\$ 6,010,058</b> | <b>\$ 6,499,457</b> | <b>\$ 7,443,822</b> | <b>\$ 7,356,834</b> | <b>\$ 7,454,740</b> | <b>\$ 8,013,818</b> |

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

|   | Fiscal Year           |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 2010-2011             | 2011-2012             | 2012-2013             | 2013-2014             | 2014-2015             | 2015-2016             | 2016-2017             | 2017-2018             | 2018-2019             | 2019-2020             |
| <b>Program Revenues</b>                                   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| <b>Governmental activities:</b>                           |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Charges for services:                                     |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| General government  | \$ (3,131)            | \$ 811                | \$ 2,623              | \$ 1,659              | \$ 1,389              | \$ -                  | \$ -                  | \$ -                  | \$ 108,900            | \$ 108,900            |
| Public safety   | 4,385                 | 4,069                 | 4,400                 | 3,911                 | 3,420                 | 2,260                 | 25,233                | 39,850                | -                     | -                     |
| Public works  | -                     | -                     | -                     | -                     | -                     | -                     | 22,058                | 47,980                | 24,532                | 24,526                |
| Community development                                     | 19,782                | 12,907                | 12,408                | 10,544                | 7,689                 | 14,390                | 9,481                 | 15,250                | 18,050                | 12,450                |
| Operating grants and contributions                        | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | 235,853               |
| Capital grants and contributions                          | 75,755                | 331,421               | 73,357                | 128,184               | 131,197               | 152,412               | 694,632               | 97,769                | 123,493               | 137,782               |
| <b>Total governmental activities program revenues</b>     | <b>96,791</b>         | <b>349,208</b>        | <b>92,788</b>         | <b>144,298</b>        | <b>143,695</b>        | <b>169,062</b>        | <b>751,404</b>        | <b>200,849</b>        | <b>274,975</b>        | <b>519,510</b>        |
| <b>Total Primary government program revenues</b>          | <b>\$ 96,791</b>      | <b>\$ 349,208</b>     | <b>\$ 92,788</b>      | <b>\$ 144,298</b>     | <b>\$ 143,695</b>     | <b>\$ 169,062</b>     | <b>\$ 751,404</b>     | <b>\$ 200,849</b>     | <b>\$ 274,975</b>     | <b>\$ 519,510</b>     |
| <b>Expenses</b>   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| <b>Governmental activities:</b>                           |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| General government  | \$ 576,874            | \$ 580,733            | \$ 557,336            | \$ 596,030            | 585,436               | 685,335               | 636,737               | 779,259               | 737,411               | 762,738               |
| Public safety   | 1,051,286             | 1,180,680             | 1,201,262             | 1,186,675             | 1,179,061             | 1,237,305             | 1,316,898             | 1,482,557             | 1,776,955             | 1,901,044             |
| Public works  | 573,568               | 1,116,282             | 584,229               | 564,266               | 571,053               | 647,622               | 730,455               | 1,044,660             | 1,050,391             | 798,663               |
| Community development                                     | 66,985                | 70,566                | 82,312                | 102,824               | 109,355               | 93,247                | 84,787                | 78,925                | 105,472               | 92,648                |
| Interest on long-term debt                                | 83,783                | 78,273                | 75,921                | 73,612                | 67,592                | 40,537                | -                     | -                     | -                     | -                     |
| <b>Total governmental activities</b>                      | <b>2,352,496</b>      | <b>3,026,534</b>      | <b>2,501,060</b>      | <b>2,523,407</b>      | <b>2,512,497</b>      | <b>2,704,046</b>      | <b>2,768,877</b>      | <b>3,385,401</b>      | <b>3,670,229</b>      | <b>3,555,093</b>      |
| <b>Total primary government expenses</b>                  | <b>\$ 2,352,496</b>   | <b>\$ 3,026,534</b>   | <b>\$ 2,501,060</b>   | <b>\$ 2,523,407</b>   | <b>\$ 2,512,497</b>   | <b>\$ 2,704,046</b>   | <b>\$ 2,768,877</b>   | <b>\$ 3,385,401</b>   | <b>\$ 3,670,229</b>   | <b>\$ 3,555,093</b>   |
| <b>Net (expense)/revenue Governmental Activities</b>      | <b>\$ (2,255,705)</b> | <b>\$ (2,677,326)</b> | <b>\$ (2,408,272)</b> | <b>\$ (2,379,109)</b> | <b>\$ (2,368,802)</b> | <b>\$ (2,534,984)</b> | <b>\$ (2,017,473)</b> | <b>\$ (3,184,552)</b> | <b>\$ (3,395,254)</b> | <b>\$ (3,035,582)</b> |
| <b>General Revenues and Other Changes in Net Position</b> |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| <b>Governmental activities:</b>                           |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Taxes:  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Property taxes, levied for general purposes               | \$ 581,200            | \$ 577,737            | \$ 597,639            | \$ 603,408            | \$ 623,891            | \$ 627,437            | \$ 654,192            | \$ 657,437            | \$ 683,599            | \$ 701,471            |
| Bank deposit taxes  | 36,931                | 40,580                | 41,897                | 44,198                | 43,274                | 39,748                | 34,779                | 34,850                | 38,243                | 44,354                |
| Public service taxes                                      | 1,761,878             | 1,920,758             | 1,990,245             | 1,937,931             | 1,948,986             | 2,155,045             | 2,264,414             | 2,484,158             | 2,746,529             | 2,810,266             |
| Interest  | 29,847                | 22,660                | 9,968                 | 9,932                 | 6,943                 | 6,031                 | 6,056                 | 5,782                 | 23,640                | 23,022                |
| Miscellaneous   | 12,455                | 33,972                | 14,938                | 4,840                 | 21,877                | 4,128                 | 2,397                 | 14,361                | 1,149                 | 15,548                |
| <b>Total governmental activities</b>                      | <b>2,422,311</b>      | <b>2,595,707</b>      | <b>2,654,687</b>      | <b>2,600,309</b>      | <b>2,644,971</b>      | <b>2,832,389</b>      | <b>2,961,838</b>      | <b>3,196,588</b>      | <b>3,493,160</b>      | <b>3,594,661</b>      |
| <b>Total primary government</b>                           | <b>\$ 2,422,311</b>   | <b>\$ 2,595,707</b>   | <b>\$ 2,654,687</b>   | <b>\$ 2,600,309</b>   | <b>\$ 2,644,971</b>   | <b>\$ 2,832,389</b>   | <b>\$ 2,961,838</b>   | <b>\$ 3,196,588</b>   | <b>\$ 3,493,160</b>   | <b>\$ 3,594,661</b>   |
| <b>Change in Net Position</b>                             |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Current year Governmental activities                      | \$ 166,606            | \$ (81,619)           | \$ 246,415            | \$ 221,200            | \$ 276,169            | \$ 297,405            | \$ 944,365            | \$ 12,036             | \$ 97,906             | \$ 559,078            |
| Prior year adjustments                                    | -                     | -                     | -                     | -                     | (289,399)             | 191,994               | -                     | (99,024)              | -                     | -                     |
| <b>Total primary government</b>                           | <b>\$ 166,606</b>     | <b>\$ (81,619)</b>    | <b>\$ 246,415</b>     | <b>\$ 221,200</b>     | <b>\$ (13,230)</b>    | <b>\$ 489,399</b>     | <b>\$ 944,365</b>     | <b>\$ (86,988)</b>    | <b>\$ 97,906</b>      | <b>\$ 559,078</b>     |

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**GOVERNMENTAL ACTIVITIES - TAX REVENUES BY SOURCE**  
**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**

| <b>Fiscal Year</b> | <b>Property Tax</b> | <b>Payroll License Fee</b> | <b>Net Profits License Fee</b> | <b>Other</b> | <b>Bank Deposits Tax</b> | <b>Total</b> |
|--------------------|---------------------|----------------------------|--------------------------------|--------------|--------------------------|--------------|
| 2010-2011          | \$ 581,200          | \$ 1,542,322               | \$ 182,584                     | \$ 36,972    | \$ 36,931                | \$ 2,380,009 |
| 2011-2012          | 577,737             | 1,608,387                  | 270,185                        | 42,186       | 40,580                   | 2,539,075    |
| 2012-2013          | 597,639             | 1,657,512                  | 293,378                        | 39,355       | 41,897                   | 2,629,781    |
| 2013-2014          | 603,408             | 1,607,965                  | 285,561                        | 44,405       | 44,198                   | 2,585,537    |
| 2014-2015          | 623,891             | 1,622,419                  | 246,607                        | 53,784       | 43,274                   | 2,589,975    |
| 2015-2016          | 627,437             | 1,743,878                  | 317,368                        | 63,701       | 39,748                   | 2,792,132    |
| 2016-2017          | 654,192             | 1,809,737                  | 349,743                        | 64,949       | 34,779                   | 2,913,400    |
| 2017-2018          | 657,437             | 1,806,331                  | 432,400                        | 51,267       | 34,850                   | 2,982,285    |
| 2018-2019          | 683,599             | 2,098,661                  | 363,823                        | 55,925       | 38,243                   | 3,240,251    |
| 2019-2020          | 701,471             | 2,141,232                  | 394,651                        | 56,286       | 44,354                   | 3,337,994    |

The Public Service Tax consists of occupational, net profit and payroll license fees treated as public service taxes. The payroll license fee taxes comprise most of the category.

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

|                                     | Fiscal Year         |                     |                     |                     |                     |                          |                     |                     |                     |                     |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|---------------------|
|                                     | 2010-2011           | 2011-2012           | 2012-2013           | 2013-2014           | 2014-2015           | 2015-2016 <sup>(1)</sup> | 2016-2017           | 2017-2018           | 2018-2019           | 2019-2020           |
| <b>General Fund</b>                 |                     |                     |                     |                     |                     |                          |                     |                     |                     |                     |
| Reserved                            | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                     | \$ -                | \$ -                | \$ -                | \$ -                |
| Unreserved                          | -                   | -                   | -                   | -                   | -                   | -                        | -                   | -                   | -                   | -                   |
| Nonspendable                        | 17,750              | 17,750              | 14,136              | 11,960              | 14,108              | 15,655                   | 14,474              | 10,514              | 9,416               | 21,940              |
| Assigned- capital projects          | 246,913             | -                   | -                   | -                   | -                   | -                        | -                   | -                   | -                   | -                   |
| Assigned- wayfinding signs          | -                   | -                   | -                   | -                   | 141,526             | 3,044                    | 2,997               | 2,899               | 2,791               | 2,790               |
| Unassigned                          | 3,972,539           | 4,220,227           | 4,397,185           | 4,475,715           | 4,249,795           | 2,732,769                | 2,907,706           | 2,957,163           | 3,313,832           | 3,929,696           |
| Prior year adjustments - Unassigned | -                   | -                   | -                   | -                   | -                   | 191,994                  | -                   | 19,285              | -                   | -                   |
| <b>Total General Fund</b>           | <b>\$ 4,237,202</b> | <b>\$ 4,237,977</b> | <b>\$ 4,411,321</b> | <b>\$ 4,487,675</b> | <b>\$ 4,405,429</b> | <b>\$ 2,943,462</b>      | <b>\$ 2,925,177</b> | <b>\$ 2,989,861</b> | <b>\$ 3,326,039</b> | <b>\$ 3,954,426</b> |

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

|  | Fiscal Year       |                  |                   |                  |                    |                       |                    |                  |                   |                   |
|--|-------------------|------------------|-------------------|------------------|--------------------|-----------------------|--------------------|------------------|-------------------|-------------------|
|  | 2010-2011         | 2011-2012        | 2012-2013         | 2013-2014        | 2014-2015          | 2015-2016             | 2016-2017          | 2017-2018        | 2018-2019         | 2019-2020         |
| <b>Revenues</b>  |                   |                  |                   |                  |                    |                       |                    |                  |                   |                   |
| Taxes  | \$ 590,355        | \$ 578,885       | \$ 589,578        | \$ 603,611       | \$ 623,891         | \$ 630,863            | \$ 654,192         | \$ 657,437       | \$ 683,599        | \$ 701,471        |
| Licenses and permits   | 1,798,809         | 1,961,338        | 2,032,141         | 1,982,128        | 1,992,260          | 2,190,474             | 2,291,437          | 2,515,956        | 2,775,063         | 2,848,914         |
| Intergovernmental  | 75,755            | 252,831          | 151,946           | 128,185          | 131,197            | 152,412               | 694,632            | 97,769           | 123,493           | 137,782           |
| Fines and forfeitures  | (954)             | 2,677            | 4,809             | 3,071            | 2,509              | 4,319                 | 7,756              | 3,052            | 9,710             | 5,646             |
| Charges for services   | 21,990            | 15,111           | 14,622            | 13,043           | 9,989              | 16,650                | 56,772             | 103,080          | 151,482           | 145,936           |
| Interest   | 29,847            | 22,660           | 9,968             | 9,932            | 6,943              | 6,031                 | 6,056              | 5,782            | 23,640            | 23,022            |
| Miscellaneous  | 12,455            | 33,972           | 14,938            | 4,840            | 21,877             | 4,128                 | 2,397              | 19,813           | 1,149             | 15,548            |
| <b>Total revenues</b>  | <b>2,528,257</b>  | <b>2,867,474</b> | <b>2,818,002</b>  | <b>2,744,810</b> | <b>2,788,666</b>   | <b>3,004,877</b>      | <b>3,713,242</b>   | <b>3,402,889</b> | <b>3,768,136</b>  | <b>3,878,319</b>  |
| <b>Expenditures</b>  |                   |                  |                   |                  |                    |                       |                    |                  |                   |                   |
| Current:   |                   |                  |                   |                  |                    |                       |                    |                  |                   |                   |
| General government   | 489,698           | 473,767          | 452,329           | 484,136          | 476,503            | 518,494               | 542,075            | 670,266          | 592,491           | 622,282           |
| Public safety  | 1,051,286         | 1,180,680        | 1,201,262         | 1,186,675        | 1,184,116          | 1,237,305             | 1,316,898          | 1,482,557        | 1,776,955         | 1,901,044         |
| Public works   | 524,818           | 948,301          | 714,280           | 699,426          | 909,793            | 1,218,845             | 1,787,767          | 1,125,742        | 957,040           | 869,810           |
| Community development  | 66,985            | 70,566           | 82,312            | 102,824          | 109,355            | 93,247                | 84,787             | 78,925           | 105,472           | 92,648            |
| Capital outlay   | -                 | -                | -                 | -                | -                  | -                     | -                  | -                | -                 | -                 |
| Debt service   |                   |                  |                   |                  |                    |                       |                    |                  |                   |                   |
| Principal  | 110,000           | 115,000          | 120,000           | 125,000          | 125,000            | 1,560,000             | -                  | -                | -                 | -                 |
| Interest   | 82,125            | 78,385           | 74,475            | 70,395           | 66,145             | 30,947                | -                  | -                | -                 | -                 |
| <b>Total expenditures</b>  | <b>2,324,912</b>  | <b>2,866,699</b> | <b>2,644,658</b>  | <b>2,668,456</b> | <b>2,870,912</b>   | <b>4,658,838</b>      | <b>3,731,527</b>   | <b>3,357,490</b> | <b>3,431,958</b>  | <b>3,485,784</b>  |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | <b>203,345</b>    | <b>775</b>       | <b>173,344</b>    | <b>76,354</b>    | <b>(82,246)</b>    | <b>(1,653,961)</b>    | <b>(18,285)</b>    | <b>45,399</b>    | <b>336,178</b>    | <b>392,535</b>    |
| <b>Other financing sources (uses)</b>                            |                   |                  |                   |                  |                    |                       |                    |                  |                   |                   |
| Bond issue   | -                 | -                | -                 | -                | -                  | -                     | -                  | -                | -                 | -                 |
| Bond issue costs   | -                 | -                | -                 | -                | -                  | -                     | -                  | -                | -                 | -                 |
| Proceeds from CARES Act  | -                 | -                | -                 | -                | -                  | -                     | -                  | -                | -                 | 235,853           |
| Transfers in   | 106,562           | 488,264          | 353,060           | 313,304          | 632,211            | 632,211               | 1,391,634          | 688,661          | 530,494           | 493,846           |
| Transfers out  | (106,562)         | (488,264)        | (353,060)         | (313,304)        | (632,211)          | (632,211)             | (1,391,634)        | (688,661)        | (530,494)         | (493,846)         |
| <b>Total other financing sources (uses)</b>                      | <b>-</b>          | <b>-</b>         | <b>-</b>          | <b>-</b>         | <b>-</b>           | <b>-</b>              | <b>-</b>           | <b>-</b>         | <b>-</b>          | <b>235,853</b>    |
| <b>Net change in current year fund balance</b>                   | <b>203,345</b>    | <b>775</b>       | <b>173,344</b>    | <b>76,354</b>    | <b>(82,246)</b>    | <b>(1,653,961)</b>    | <b>(18,285)</b>    | <b>45,399</b>    | <b>336,178</b>    | <b>628,388</b>    |
| Prior year adjustments   | -                 | -                | -                 | -                | -                  | 191,994               | -                  | 19,285           | -                 | -                 |
| <b>Net change in fund balance</b>                                | <b>\$ 203,345</b> | <b>\$ 775</b>    | <b>\$ 173,344</b> | <b>\$ 76,354</b> | <b>\$ (82,246)</b> | <b>\$ (1,461,967)</b> | <b>\$ (18,285)</b> | <b>\$ 64,684</b> | <b>\$ 336,178</b> | <b>\$ 628,388</b> |
| <b>Debt service as a percentage of non capital expenditures</b>  | <b>8.90%</b>      | <b>6.90%</b>     | <b>8.50%</b>      | <b>8.30%</b>     | <b>8.03%</b>       | <b>34.15%</b>         | <b>0.00%</b>       | <b>0.00%</b>     | <b>0.00%</b>      | <b>0.00%</b>      |

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**GOVERNMENTAL ACTIVITIES - TAX REVENUES BY SOURCE**  
**Last Ten Fiscal Years**  
**(Modified accrual basis of accounting)**

| <b>Fiscal Year</b> | <b>Property Tax</b> | <b>Payroll License Fee</b> | <b>Net Profits License Fee</b> | <b>Other</b> | <b>Bank Deposits Tax</b> | <b>Total</b> |
|--------------------|---------------------|----------------------------|--------------------------------|--------------|--------------------------|--------------|
| 2010-2011          | \$590,355           | \$1,542,323                | \$182,584                      | \$ 36,972    | \$ 36,931                | \$ 2,389,165 |
| 2011-2012          | 578,885             | 1,608,387                  | 270,185                        | 42,186       | 40,580                   | 2,540,223    |
| 2012-2013          | 589,578             | 1,657,512                  | 293,377                        | 39,355       | 41,897                   | 2,621,719    |
| 2013-2014          | 603,611             | 1,607,965                  | 285,561                        | 44,404       | 44,198                   | 2,585,739    |
| 2014-2015          | 623,891             | 1,622,419                  | 246,607                        | 53,784       | 43,274                   | 2,589,975    |
| 2015-2016          | 627,437             | 1,743,878                  | 317,368                        | 63,701       | 39,748                   | 2,792,132    |
| 2016-2017          | 654,192             | 1,809,737                  | 349,743                        | 64,949       | 34,779                   | 2,913,400    |
| 2017-2018          | 657,437             | 1,806,331                  | 432,400                        | 51,267       | 34,850                   | 2,982,285    |
| 2018-2019          | 683,599             | 2,098,661                  | 363,823                        | 55,925       | 38,243                   | 3,240,251    |
| 2019-2020          | 701,471             | 2,141,232                  | 394,651                        | 56,286       | 44,354                   | 3,337,994    |

The Public Service Tax consists of occupational, net profit and payroll license fees treated as public service taxes. The revenue base for public service taxes (license fees) is not available, in that the City is not the actual tax collector.

The payroll license fees are based on a rate of 1.15% of total payroll of all persons working in the City up to the FICA cap maximum of \$137,700.

The net profit license fee is based on a rate of .75% of net profits earned in the City.

|   |
|---|
| <b>CITY OF CRESTVIEW HILLS, KENTUCKY</b><br><b>ASSESSED VALUE OF TAXABLE PROPERTY</b><br><b>LAST TEN FISCAL YEARS</b> |
|---|

| <b>Fiscal Year</b> | <b>Real Property</b> | <b>Personal Property</b> | <b>Less: Tax-Exempt Real Property Tax</b> | <b>Total Taxable Assessed Value</b> | <b>Total Direct Rate</b> |
|--------------------|----------------------|--------------------------|---|-------------------------------------|--------------------------|
| 2010-2011          | \$ 462,884,083       | \$ -                     | \$ 67,344,643                             | \$ 395,539,440                      | 15.20%                   |
| 2011-2012          | 464,245,283          | -                        | 68,371,543                                | 395,873,740                         | 15.20%                   |
| 2012-2013          | 470,174,042          | -                        | 70,333,302                                | 399,840,740                         | 15.45%                   |
| 2013-2014          | 474,272,642          | -                        | 71,195,902                                | 403,076,740                         | 15.70%                   |
| 2014-2015          | 472,945,842          | -                        | 71,555,902                                | 401,389,940                         | 16.00%                   |
| 2015-2016          | 476,663,228          | -                        | 72,269,602                                | 404,393,626                         | 16.10%                   |
| 2016-2017          | 498,027,602          | -                        | 78,705,002                                | 419,322,600                         | 16.00%                   |
| 2017-2018          | 507,215,502          | -                        | 84,627,602                                | 422,587,900                         | 16.00%                   |
| 2018-2019          | 510,103,502          | -                        | 85,428,002                                | 424,675,500                         | 16.50%                   |
| 2019-2020          | 513,900,802          | -                        | 86,659,602                                | 427,241,200                         | 16.80%                   |

Source: Kenton County PVA

Note: The county assesses property at 100% of fair market value for all types of real and personal property.

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (1)**  
**Last Ten Fiscal Years**

| Fiscal Year | City of Crestview Hills, KY | Total Direct Rates (a) | Overlapping Rates County |                 |           | Total Direct and Overlapping Rates |
|-------------|-----------------------------|------------------------|--------------------------|-----------------|-----------|------------------------------------|
|             |                             |                        | Kenton County            | School District | Other     |                                    |
| 2010-2011   | \$ 0.1520                   | \$ 0.1520              | \$ 0.1480                | \$ 0.5570       | \$ 0.1740 | \$ 1.1830                          |
| 2011-2012   | 0.1520                      | 0.1520                 | 0.1480                   | 0.5570          | 0.1720    | 1.1810                             |
| 2012-2013   | 0.1545                      | 0.1545                 | 0.1480                   | 0.5570          | 0.1720    | 1.1860                             |
| 2013-2014   | 0.1570                      | 0.1570                 | 0.1480                   | 0.5770          | 0.1713    | 1.2103                             |
| 2014-2015   | 0.1600                      | 0.1600                 | 0.1480                   | 0.5910          | 0.1713    | 1.2303                             |
| 2015-2016   | 0.1610                      | 0.1610                 | 0.1480                   | 0.6090          | 0.1713    | 1.2503                             |
| 2016-2017   | 0.1600                      | 0.1600                 | 0.1480                   | 0.6210          | 0.1715    | 1.2605                             |
| 2017-2018   | 0.1600                      | 0.1600                 | 0.1480                   | 0.6380          | 0.1719    | 1.2779                             |
| 2018-2019   | 0.1650                      | 0.1650                 | 0.1550                   | 0.6590          | 0.1758    | 1.3198                             |
| 2019-2020   | 0.1680                      | 0.1680                 | 0.1590                   | 0.6720          | 0.1782    | 1.3452                             |

(1) Per \$100 assessed valuation

(a) The City of Crestview Hills, KY is the only direct rate

The City of Crestview Hills is within Kenton County and the Kenton County School Taxing District. Other taxing districts include TANK and the Kenton County Library, Health, and Extension Districts.

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**Current Year and Ten Years Ago**

| Taxpayer                        | 2019-2020                  |      |  | 2010-2011                  |      |  |
|---------------------------------|----------------------------|------|--|----------------------------|------|--|
|                                 | Taxable Assessed Valuation | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Valuation | Rank | Percentage of Total Taxable Assessed Value |
| Crestview Hills Town Center     | \$ 35,788,500              | 1    | 7.66%                                      |                            |      |  |
| Grandview Summit                | 28,000,000                 | 2    | 5.99%                                      |                            |      |  |
| Higbee Company                  | 11,555,000                 | 3    | 2.47%                                      |                            |      |  |
| CP Crestview Hills, LLC         | 8,950,000                  | 4    | 1.92%                                      |                            |      |  |
| Broadstone TSGA Kentucky, LLC   | 7,960,000                  | 5    | 1.71%                                      |                            |      |  |
| Northern KY Racquet Club, Inc.  | 6,860,800                  | 6    | 1.47%                                      |                            |      |  |
| Summit Hills Country Club, Inc. | 5,940,000                  | 9    | 1.27%                                      |                            |      |  |
| CMK Crestview Hills LLC         | 5,700,000                  | 7    | 1.22%                                      |                            |      |  |
| Atria Summit Hills, LLC         | 5,248,000                  | 8    | 1.12%                                      |                            |      |  |
| Chapel Place D, LLC             | 4,868,000                  | 10   | 1.04%                                      |                            |      |  |
| <b>Total</b>                    | <b>\$ 120,870,300</b>      |      | <b>25.87%</b>                              |                            |      |  |
| Crestview Hills Towne Center    |                            |      |  | \$ 31,693,380              | 1    | 8.01%                                      |
| Grandview Summit Apartments     |                            |      |  | 14,000,000                 | 2    | 3.54%                                      |
| Columbia Sussex                 |                            |      |  | 12,000,000                 | 3    | 3.03%                                      |
| Higbee Company                  |                            |      |  | 11,555,000                 | 4    | 2.92%                                      |
| Northern KY Racquet Club, Inc.  |                            |      |  | 6,580,800                  | 5    | 1.66%                                      |
| Atria Summit Hills, LLC         |                            |      |  | 5,076,000                  | 6    | 1.28%                                      |
| Chapel Place D, LLC             |                            |      |  | 4,500,000                  | 7    | 1.14%                                      |
| Thomas More Hemmer II LTD       |                            |      |  | 4,400,000                  | 8    | 1.11%                                      |
| Summit Hills Country Club       |                            |      |  | 4,391,100                  | 9    | 1.11%                                      |
| Thomas More Hemmer LTD          |                            |      |  | 3,937,500                  | 10   | 1.00%                                      |
| Thomas More Hemmer IV LTD       |                            |      |  | 3,937,500                  | 10   | 1.00%                                      |
| <b>Total</b>                    |                            |      |  | <b>\$ 102,071,280</b>      |      | <b>25.80%</b>                              |

Source: Kenton County PVA

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**

| Fiscal Year | Total Tax Levy | Current Tax Collections | Percent of Current Taxes Collected | Delinquent Collections | Total Collections at End of Fiscal Year |                    |
|-------------|----------------|-------------------------|------------------------------------|------------------------|---|--------------------|
|             |                |                         |                                    |                        | Amount                                  | Percentage of Levy |
| 2010-2011   | \$ 584,788     | \$ 583,275              | 100%                               | \$ 1,513               | \$ 584,788                              | 100%               |
| 2011-2012   | 576,994        | 576,737                 | 100%                               | -                      | 576,737                                 | 100%               |
| 2012-2013   | 593,309        | 579,300                 | 98%                                | 14,010                 | 593,310                                 | 100%               |
| 2013-2014   | 603,611        | 599,810                 | 99%                                | -                      | 599,810                                 | 99%                |
| 2014-2015   | 642,224        | 623,164                 | 97%                                | 727                    | 623,891                                 | 97%                |
| 2015-2016   | 679,236        | 674,521                 | 99%                                | 3,426                  | 677,947                                 | 100%               |
| 2016-2017   | 653,192        | 651,870                 | 100%                               | 1,322                  | 653,192                                 | 100%               |
| 2017-2018   | 682,594        | 664,739                 | 97%                                | 16,883                 | 681,622                                 | 100%               |
| 2018-2019   | 709,104        | 631,721                 | 89%                                | 76,440                 | 708,160                                 | 100%               |
| 2019-2020   | 726,311        | 719,498                 | 99%                                | 944                    | 720,442                                 | 99%                |

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**

| Fiscal Year | Governmental Activities  |       | Total Primary Government | Per Capita | Percentage of Per Capita Personal Income |
|-------------|--------------------------|-------|--------------------------|------------|--|
|             | General Obligation Bonds | Notes |                          |            |  |
| 2010-2011   | \$ 2,045,000             | -     | \$ 2,045,000             | \$ 536     | 0.01%                                    |
| 2011-2012   | 1,930,000                | -     | 1,930,000                | 609        | 0.01%                                    |
| 2012-2013   | 1,810,000                | -     | 1,810,000                | 575        | 0.01%                                    |
| 2013-2014   | 1,685,000                | -     | 1,685,000                | 533        | 0.01%                                    |
| 2014-2015   | 1,560,000                | -     | 1,560,000                | 496        | 0.01%                                    |
| 2015-2016   | -                        | -     | -                        | -          | -  |
| 2016-2017   | -                        | -     | -                        | -          | -  |
| 2017-2018   | -                        | -     | -                        | -          | -  |
| 2018-2019   | -                        | -     | -                        | -          | -  |
| 2019-2020   | -                        | -     | -                        | -          | -  |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
(1) See the Schedule of Demographic and Economic Statistics for personal income and population.

|  |
|--|
| <b>CITY OF CRESTVIEW HILLS, KENTUCKY</b><br><b>RATIOS OF GENERAL BONDED DEBT OUTSTANDING</b><br><b>Last Ten Fiscal Years</b> |
|--|

**Governmental Activities**

| <b>Fiscal Year</b> | <b>General Obligation Bonds</b> | <b>Less: Amounts Available in Debt Service Fund</b> | <b>Total</b> | <b>Percentage of Actual Taxable Value of Property</b> | <b>Per Capita</b> |
|--------------------|---------------------------------|---|--------------|---|-------------------|
| 2010-2011          | \$ 2,045,000                    | \$ -  | \$ 2,045,000 | 0.44%   | \$ 536            |
| 2011-2012          | 1,930,000                       | -   | 1,930,000    | 0.41%   | 609               |
| 2012-2013          | 1,810,000                       | -   | 1,810,000    | 0.38%   | 575               |
| 2013-2014          | 1,685,000                       | -   | 1,685,000    | 0.42%   | 533               |
| 2014-2015          | 1,560,000                       | -   | 1,560,000    | 0.39%   | 496               |
| 2015-2016          | -                               | -   | -            | -   | -                 |
| 2016-2017          | -                               | -   | -            | -   | -                 |
| 2017-2018          | -                               | -   | -            | -   | -                 |
| 2018-2019          | -                               | -   | -            | -   | -                 |
| 2019-2020          | -                               | -   | -            | -   | -                 |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed Value of Taxable property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**June 30, 2020**

| <b>Governmental Unit</b>                 | <b>Debt Outstanding</b>      | <b>Estimated Percentage Applicable<sup>(1)</sup></b> | <b>Estimated Share of Overlapping Debt</b> |
|--|------------------------------|--|--|
| Kenton County (2)                        | \$ 94,181,799                | 3.46%  | \$ 3,260,302                               |
| Kenton County School District (3)        | 176,586,936                  | 5.47%  | 9,664,870                                  |
| Other Kenton County Governments (4)      | 7,386,105                    | 3.46%  | 255,686                                    |
| <b>Subtotal, overlapping debt</b>        | <u>278,154,840</u>           |  | <u>13,180,858</u>                          |
| City of Crestview Hills direct debt      | <u>-</u>                     |  | <u>-</u>                                   |
| <b>Total direct and overlapping debt</b> | <u><u>\$ 278,154,840</u></u> |  | <u><u>\$ 13,180,858</u></u>                |

Source: Kentucky local Debt Report

<sup>(1)</sup> Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Crestview Hills. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

<sup>(2)</sup> Kenton County Treasurer's office

<sup>(3)</sup> Kenton County School District Treasurer's office

<sup>(4)</sup> Kenton County Public Library, Kenton County Public Health Taxing District, TANK and Kenton County Extension District.

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**LEGAL DEBT MARGIN INFORMATION**  
**Last Ten Fiscal Years**

**Legal Debt Margin Calculation for Fiscal Year 2019-2020**

|   |                       |
|---|-----------------------|
| Assessed value  | \$ 427,241,200        |
| Add back: exempt real property                                  | 86,659,602            |
| Total assessed value  | <u>\$ 513,900,802</u> |
| Debt limit (10% of total taxable assessed value)                | <u>\$ 51,390,080</u>  |
| Debt applicable to limit:                                       |                       |
| General obligation bonds  | -                     |
| Less: amount set aside for repayment of general obligation debt | -                     |
| Total net debt applicable to limit                              | <u>-</u>              |
| Legal debt margin   | <u>\$ 51,390,080</u>  |

|  | <b>Fiscal Year</b> |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|--|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|  | <b>2010-2011</b>   | <b>2011-2012</b> | <b>2012-2013</b> | <b>2013-2014</b> | <b>2014-2015</b> | <b>2015-2016</b> | <b>2016-2017</b> | <b>2017-2018</b> | <b>2018-2019</b> | <b>2019-2020</b> |
| Debt limit   | \$ 47,241,571      | \$ 46,424,528    | \$47,017,404     | \$47,427,264     | \$47,294,854     | \$47,666,323     | \$49,802,760     | \$50,721,550     | \$51,022,650     | \$51,390,080     |
| Total debt applicable to limit                                       | 2,045,000          | 1,930,000        | 1,810,000        | 1,685,000        | 1,560,000        | -                | -                | -                | -                | -                |
| Legal debt margin  | \$ 44,379,528      | \$ 45,087,404    | \$45,617,264     | \$45,609,584     | \$45,734,854     | \$47,666,323     | \$49,802,760     | \$50,721,550     | \$51,022,650     | \$51,390,080     |
| Total net debt applicable to the limit as a percentage of debt limit | 4.61%              | 4.28%            | 3.97%            | 3.69%            | 3.41%            | 0.00%            | 0.00%            | 0.00%            | 0.00%            | 0.00%            |

Note: Under state finance law, the City's outstanding debt should not exceed 10 percent of assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**

| Fiscal Year | <u>Kenton County</u>                    |                                     | <u>Crestview Hills</u>           |  | <u>Kenton County</u><br>Unemployment Rate(4) |
|-------------|---|-------------------------------------|----------------------------------|--|--|
|             | <u>Crestview Hills</u><br>Population(1) | Per Capita<br>Personal<br>Income(2) | Median<br>Household<br>Income(3) | <u>Crestview Hills</u><br>Median<br>Age(3) |  |
| 2009-2010   | 3,113                                   | \$42,654                            | \$59,848                         | 36.4                                       | 9.5%   |
| 2010-2011   | 3,125                                   | \$43,909                            | \$63,250                         | 41.0                                       | 8.9%   |
| 2011-2012   | 3,123                                   | \$43,801                            | \$65,859                         | 45.4                                       | 7.5%   |
| 2012-2013   | 3,130                                   | \$44,808                            | \$65,608                         | 45.5                                       | 7.1%   |
| 2013-2014   | 3,310                                   | \$48,576                            | \$74,375                         | 45.0                                       | 5.5%   |
| 2014-2015   | 3,320                                   | \$50,926                            | \$71,976                         | 47.5                                       | 4.5%   |
| 2015-2016   | 3,327                                   | \$53,786                            | \$68,186                         | 47.4                                       | 4.1%   |
| 2016-2017   | 3,321                                   | \$55,101                            | \$71,696                         | 48.1                                       | 4.3%   |
| 2017-2018   | 3,281                                   | \$57,982                            | \$76,179                         | 49.2                                       | 3.6%   |
| 2018-2019   | 3,300*                                  | \$59,721*                           | \$78,464*                        | 49.7*                                      | 3.9%   |
| 2019-2020   | 3,350*                                  | \$61,513*                           | \$80,818*                        | 50.2*                                      | 4.5%   |

(1) U.S. Census Bureau - American Community Survey "Total Population"

(2) Bureau of Economic Analysis (Kenton County data) "Estimates for 2010-2018 reflect county population estimates available as of March 2019"

(3) U.S. Census Bureau - American Community Survey "Income in the Past 12 Months"

(4) U.S. Bureau of Labor Statistics (Kenton County data only)

\* Internal Estimates made by City Administration

**CITY OF CRESTVIEW HILLS, KENTUCKY**

**PRINCIPAL EMPLOYERS**

**Current Year and Ten Years Ago**

| 2019-2020                             |      |                                     | 2010-2011                          |      |                                     |
|---------------------------------------|------|-------------------------------------|------------------------------------|------|-------------------------------------|
| Taxpayer                              | Rank | Percentage of Total City Employment | Taxpayer                           | Rank | Percentage of Total City Employment |
| St. Elizabeth Medical Center          | 1    | 14.93%                              | Diocese of Covington               | 1    | 8.20%                               |
| St. Elizabeth Physicians              | 2    | 11.72%                              | Thomas More College                | 2    | 6.40%                               |
| Greensky, LLC                         | 3    | 6.43%                               | St. Elizabeth Physicians           | 3    | 5.90%                               |
| Thomas More University                | 4    | 5.89%                               | Fischer Management Inc             | 4    | 3.70%                               |
| Dresssman, Benzinger, & Lavelle, PSC  | 5    | 2.92%                               | Columbia Sussex Corporation        | 5    | 3.50%                               |
| Columbia Sussex Management, LLC       | 6    | 2.84%                               | Higbee Company                     | 6    | 2.60%                               |
| Tri State Gastroenterology Associates | 7    | 2.79%                               | The Bank of Kentucky Inc.          | 7    | 2.60%                               |
| Children's Hospital Medical Center    | 8    | 2.33%                               | Children's Hospital Medical Center | 8    | 2.50%                               |
| Higbee Gak LP                         | 9    | 2.29%                               | St. Elizabeth Physician Svcs       | 9    | 2.40%                               |
| Pediatric Associates PSC              | 10   | 2.00%                               | Seed Strategy Inc.                 | 10   | 1.60%                               |
| <b>TOTAL</b>                          |      | <b>54.14%</b>                       | <b>TOTAL</b>                       |      | <b>39.40%</b>                       |

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGR/**  
**Last Ten Years**

| Function/Program   | Fiscal Year |           |           |           |           |           |           |           |           |           |
|--------------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                    | 2010-2011   | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 |
| General Government | 3           | 3         | 2         | 2         | 3         | 3         | 3         | 3         | 3         | 3.5       |
| Public works       | 1           | 1         | 1         | 1         | 1         | 1         | 1         | 1         | 1         | 0.5       |

Source: Human Resource Department

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**Last Ten Years**

| Function                    | Fiscal Year |           |           |           |           |           |           |           |           |           |
|-----------------------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                             | 2010-2011   | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 |
| <b>Public safety</b>        |             |           |           |           |           |           |           |           |           |           |
| Police:                     |             |           |           |           |           |           |           |           |           |           |
| Stations                    | -           | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Fire:                       |             |           |           |           |           |           |           |           |           |           |
| Fire stations               | -           | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| <b>Highways and streets</b> |             |           |           |           |           |           |           |           |           |           |
| Street (miles)              | 13          | 13        | 13        | 13        | 13        | 13        | 13        | 13        | 13        | 13        |
| Streetlights                | 73          | 73        | 73        | 73        | 73        | 73        | 73        | 73        | 73        | 73        |

Source: Various City departments

Police function is contracted with the Lakeside Park/Crestview Hills Police Authority

Fire and Emergency Medical Service functions are contracted with the Cities of Ft. Mitchell and Edgewood, Kentucky

Sanitation lines are owned and maintained by the Sanitation District No. 1.

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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 Honorable Mayor and  
Members of Council of  
City of Crestview Hills, 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 Crestview Hills, Kentucky as of June 30, 2020 and the related notes to the financial statements which collectively comprise the City of Crestview Hills, Kentucky's financial statements, and have issued our report thereon dated November 30, 2020.

**Internal Control over Financial Reporting**

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

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

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

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### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Crestview Hills, Kentucky's financial statements are free of 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

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

*Van Gorder, Walker & Co., Inc.*

Van Gorder, Walker, & Co., Inc.  
Erlanger, Kentucky  
November 30, 2020

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