

# CITY OF CRESTVIEW HILLS, KENTUCKY



**For the Fiscal Year Ended June 30<sup>th</sup>, 2021**



## ANNUAL COMPREHENSIVE FINANCIAL REPORT

**CITY OF CRESTVIEW HILLS, KENTUCKY**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**For the Year Ended June 30, 2021**

**Prepared by:**

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

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**For the Year Ended June 30, 2021**

**CONTENTS**

	<b>Pages</b>
<b>Introductory Section</b>	
Letter of Transmittal.....	1-6
Organizational Chart.....	7
List of Principal Officials.....	8
Certificate of Achievement for Excellence in Financial Reporting.....	9
<b>Financial Section</b>	
Independent Auditor's Report.....	11-14
Management's Discussion and Analysis.....	15-24
<b>Basic Financial Statements</b>	
Government Wide Statements	
Statement of Net Position.....	25
Statement of Activities.....	26
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	27
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	28
Reconciliation of the Statement Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	29
Notes to Financial Statements.....	30-49
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule - General Fund.....	51
Budgetary Comparison Schedule - Wayfinding Signage Fund.....	52
CERS - Multiple Employer, Cost Sharing Defined Benefit Pension Plan Disclosure.	53
CERS - Multiple Employer, Cost Sharing Defined Benefit OPEB Plan Disclosure....	54
<b>Other Supplementary Information</b>	
Budgetary Comparison Schedule - Capital Projects Fund.....	55

*Continued on next page*

**Statistical Section**

Statistical Section Narrative.....	57
Net Position by Component.....	58
Changes in Net Position.....	59
Governmental Activities - Tax Revenue by Source (Accrual Basis).....	60
Fund Balances - Governmental Funds.....	61
Changes in Fund Balances - Governmental Funds.....	62
Governmental Activities - Tax Revenue by Source (Modified Accrual Basis).....	63
Assessed Value of Taxable Property.....	64
Property Tax Rates - Direct and Overlapping Governments.....	65
Principal Property Taxpayers.....	66
Property Tax Levies and Collections.....	67
Ratios of Outstanding Debt by Type.....	68
Ratios of General Bonded Debt Outstanding.....	69
Direct and Overlapping Governmental Activities Debt.....	70
Legal Debt Margin Information.....	71
Demographic and Economic Statistics.....	72
Principal Employers.....	73
Full-Time Equivalent City Government Employees by Function/Program.....	74
Capital Asset Statistics by Function/Program.....	75
Independent Auditor's Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	77-80



# CITY OF CRESTVIEW HILLS

A Kentucky Chamber of Commerce Hall of Fame City

PAUL W. MEIER, MAYOR

October 18, 2021

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

Kentucky 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, the City of Crestview Hills, Kentucky hereby issues its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021.

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 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.

Chamberlin Owen & Company, Inc., Certified Public Accountants, have issued an unmodified opinion (commonly known as a "clean audit") on the City of Crestview Hills' financial statements for the year ended June 30, 2021. 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 right-of-ways, recreational activities, zoning administration, police protection, planning and general administrative functions. Contracted services include 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 and zoning permitting, 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 3,300 (2019 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 residential and commercial diversity including single-family residential homes and condominiums, an active retail center, a large business office park, a four-year university (Thomas More University) a country club, and a high-end fitness club. 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 allows the City to operate.

The development of the Thomas More Office Park area along Thomas More Parkway during the last three decades has been a key piece of the City's economy. The Office 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 Office Park houses professional offices, specialty physicians and counselors, attorneys, a fitness club, 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.

Like the rest of the world over the past year, the Northern Kentucky economy continues to remain somewhat unpredictable 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, transitions to a work-from-home model, as well as business closings and new openings. And, even during this unforeseen, universal health crisis, the business community within Crestview Hills remained stable. The Net Profits tax revenue stream fluctuates from year to year, and even more so during these unusual times. FY 2020-2021, net profits tax revenue decreased by over 30% from the prior year, which is attributable to the City's top Net Profits taxpayers reporting significant reductions in profits coupled with key taxpayers applying for extensions to file their Net Profits return. This is one of the reasons that Crestview Hills has chosen to transition to the gross receipts taxation model, which is more predictable and fair to the business tax payer. The City's primary retail center continues to perform well overall and has added tenants, even during the global COVID-19 pandemic.

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 and economic development incentives. We also continue to work with the Regional Economic Development Initiative (REDI) Cincinnati and the Northern Kentucky Tri-County Economic Development Corporation in identifying and recruiting new businesses to the Office Park. The City is experiencing a very competitive environment for recruitment of new jobs and retaining existing ones.

Despite the economic uncertainties as a result of COVID-19, the overall revenue picture for the City was positive over the past fiscal year. The City pulled \$36,056 out of the fund balance for FY 2020-2021. The key drivers to the reduction in the City's fund balance was traceable to the COVID-19 pandemic whereas the City felt the effects of the pandemic in relation to key taxpayers' reduction in payroll taxes collected along with diminished profits resulting in lower Net Profits reported and paid. Consequently, the Occupational Business License Taxes collected (including Payroll taxes & Net Profits) was down by 5% from \$2,592,169 to \$2,468,951 year over year. In addition, another primary factor to the fund balance deficit was the increased investment in the City's infrastructure projects. The City expended \$858,321 within the Capital Projects Funds in FY 2020-2021 as compared to \$493,846 in FY 2019-2020; an increase of \$364,475.

Domiciled businesses account for the majority of payroll taxes received. The number of domiciled accounts remained strong and increased from 530 accounts to 595 accounts in FY 2020-2021. Again, for the latest fiscal year, the City registered over 4,500 non-domiciled businesses, everything from construction companies to home service businesses.

The residential real estate market has shown a significant growth rate over the last three years, mirroring the national economy. As witnessed by the national trends, the City of Crestview Hills housing market has experienced a frenzy of home sales and home mortgage refinance opportunities. 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 continued to observe renovations taking place to the residential properties but noticed significant reassessment reductions to some commercial properties. The housing market continues to be healthy within Crestview Hills. 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 personnel expenses in coming years, particularly in light of increased pension contribution levels for local governments.

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 began and completed several important projects in FY 2020-2021, including continued street reconstruction work in the Lookout Farm subdivision on Lookout Farm Drive and Claiborne Court. In addition, the City completed a street resurfacing project on Chancellor 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. It should also be noted that the City completed construction of Phase I to the Centre View Park within the Office Park community. Phase II, which includes building a shelter, is scheduled to be completed in FY 2021-2022.

The City has several cost drivers for future budgets. Public safety costs will continue to rise, and although the City contracts out those services or relies on a joint police authority with the City of Lakeside Park, the underlying increases in personnel (pensions, health insurance, etc.) will continue to affect future City costs. The Kentucky Legislature adopted in May 2018 made 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 12% per year increase will resume FY 2021-2022.

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. The City recently conducted a study of the existing infrastructure in FY 2020-2021 to determine the proper long-term plan to continue to improve and maintain the City's infrastructure initiatives. This study provided a five-year plan for the City's roadwork, with an average yearly cost of approximately \$325,000.

On the revenue side, while the City is blessed with a diverse and relatively stable tax base, there still remains a cloud of uncertainty and anxiety centered around the ongoing affects of the COVID-19 pandemic and its impact on future revenue sources, specifically the payroll tax revenue stream. Fortunately, but sadly, during this global pandemic, the world is in high demand for therapeutic medical services and the City has a strong medical footprint in the Greater Cincinnati region. With that said, the City's tax base remains heavily reliant upon the medical based employer community in the Thomas More Office Park, and this business sector is thriving. 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 St. Elizabeth 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. A mixed-use zone has been created in the City's zoning ordinance in anticipation of this effort.

For the tax year 2020, the City Council approved the compensating rate plus an additional 3%. This tax rate produced \$724,547 in property tax revenue. The 3% 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 9% combined. In addition, the Police Authority stayed relatively flat and increased slightly by a little more than 1%. The primary factor to the increases continues to revolve around the pension contribution costs from the Kentucky Retirement Systems. The Police Authority managed spending in 2020-2021 to keep the costs similar to 2019-2020 in an effort to help the City keep costs down during the pandemic. 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 attributable to inflation (utilities, goods and services, etc.), as well as to offset potential lost revenue as a result of the COVID-19 health crisis. The property tax rate that was approved and levied FY 2021-2022 is .162 per \$100 of assessed value, which equates to the compensating rate plus 4%. The City had some residential property renovations and new construction, which created \$1,481,000 in additions. There were reductions in assessed value on 4 residential properties and 3 reductions on commercial properties, which resulted in \$1,573,300 in lower valuations. The net effect was a decrease in total valuations of \$92,300. Homestead Exemptions (owners 65 years of age and older) almost remained the same, with a total of 439 properties (37.6% of total residential properties) now receiving the exemption in 2021. Another 4 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.

Finally, in March 2021 the Federal government signed into law the American Rescue Plan Act of 2021 (ARPA), which has been established to provide financial relief to several entities (individuals, as well as public

& private sector organizations) impacted by the economic crisis as a result of the COVID-19 pandemic. Consequently, the City of Crestview Hills is scheduled to receive emergency funding through ARPA of approximately \$865,000 during the fiscal year 2021-2022 to help offset rising costs and lost revenue due to the worldwide COVID-19 health crisis.

### ***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, 2021 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 2020-2021 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, United States Treasury Notes and Bonds, and an interest-bearing cash sweep account, 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 rates of 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, 2020. This was the twentieth 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.

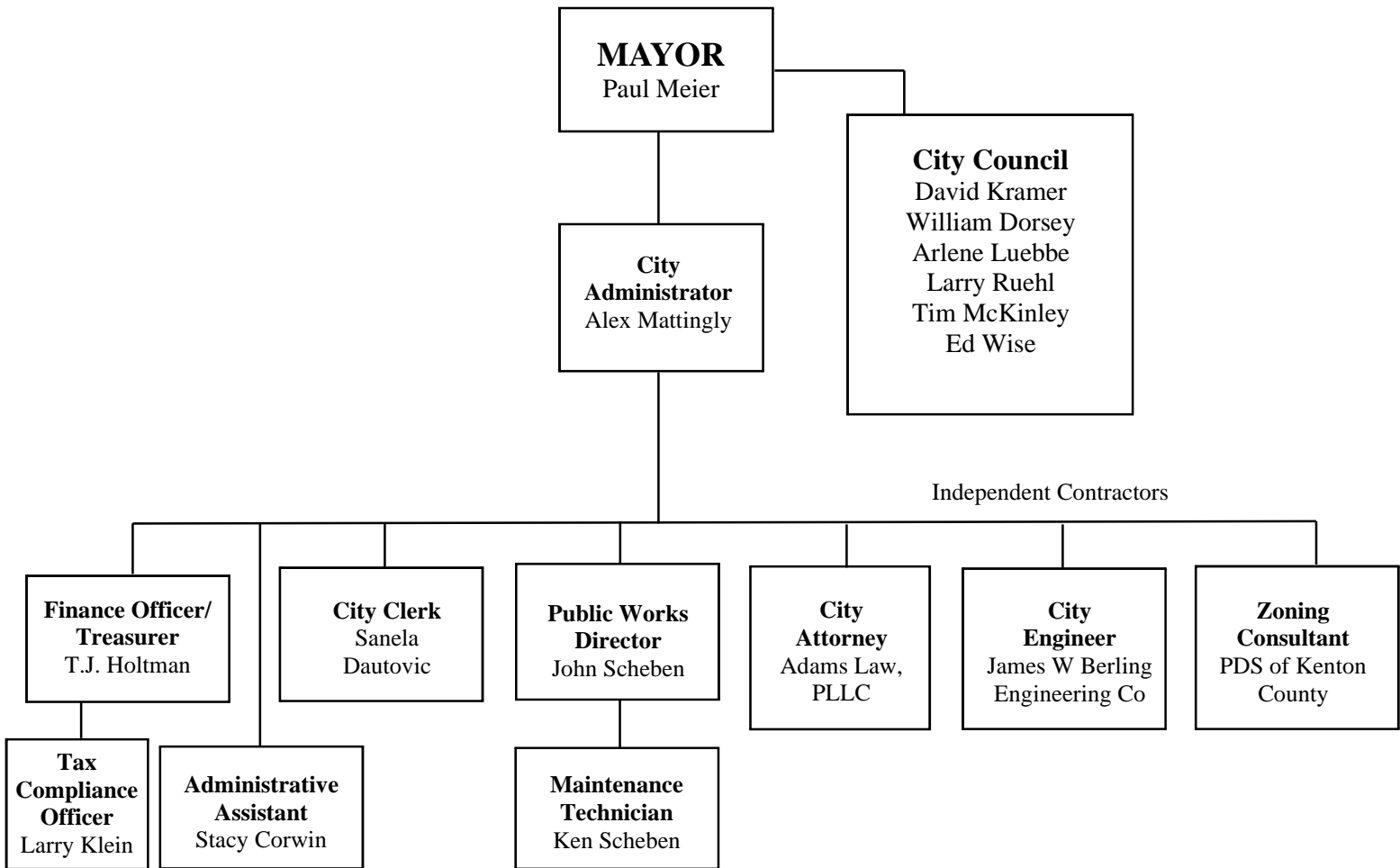
The preparation of this report would not have been possible without the efficient and dedicated service of the finance staff and appreciation is expressed to those who assisted and contributed in its compilation and completion. Credit also must be given to retired City Administrator Tim Williams, along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

Respectfully submitted, 

  
\_\_\_\_\_  
T. Alex Mattingly  
City Administrator

  
\_\_\_\_\_  
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, 2021**

Mayor – Council Form of Government

**City Council**

Paul W. Meier  
Mayor

David Kramer  
Vice Mayor

William Dorsey  
Councilmember

Arlene Luebbe  
Councilmember

Larry Ruehl  
Councilmember

Tim McKinley  
Councilmember

Ed Wise  
Councilmember

**City Administration**

Alex Mattingly  
T.J. Holtman  
Sanela Dautovic  
Stacy Corwin  
John Scheben  
Planning & Development  
Services of Kenton County  
Planning & Development  
Services of Kenton County  
Jim Berling  
Mary Ann Stewart

City Administrator  
Finance Officer/Treasurer  
City Clerk  
Administrative Assistant  
Public Works Director  
  
Building Inspector  
  
Zoning Consultant  
City Engineer  
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, 2020

*Christopher P. Morill*

Executive Director/CEO

This Page Intentionally Left Blank

## 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***-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, 2021 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.

This Page Intentionally Left Blank

## **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 52-55 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 October 18, 2021 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.

*Chamberlin Owen & Co., Inc.*

**Chamberlin Owen & Co., Inc.**

Erlanger, Kentucky

October 18, 2021

This Page Intentionally Left Blank

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

**For the Year Ended June 30, 2021**

As appointed 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, 2021. 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 and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$7,917,110 (net position). Of this amount, \$3,161,659 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors.
- The City's total net position decreased \$96,708 this year.
- As of June 30, 2021, the City's governmental funds reported a combined ending fund balance of \$3,918,370, a decrease of \$36,056 in comparison to the prior year.
- At the end of fiscal year 2020-2021, unassigned fund balance for the general fund was \$3,885,433 a small decrease of \$44,263 in comparison to the prior fiscal year 2019-2020.
- Compensated absences decreased from \$33,446 to \$11,779 during the fiscal year.
- The City's Net Pension liability increased by \$96,580, from \$ \$639,655 to \$736,235 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 \$62,269, from \$160,748 to \$223,017 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/occupational license fees, franchise fees, property taxes, and net profits 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 – 48 of this report.

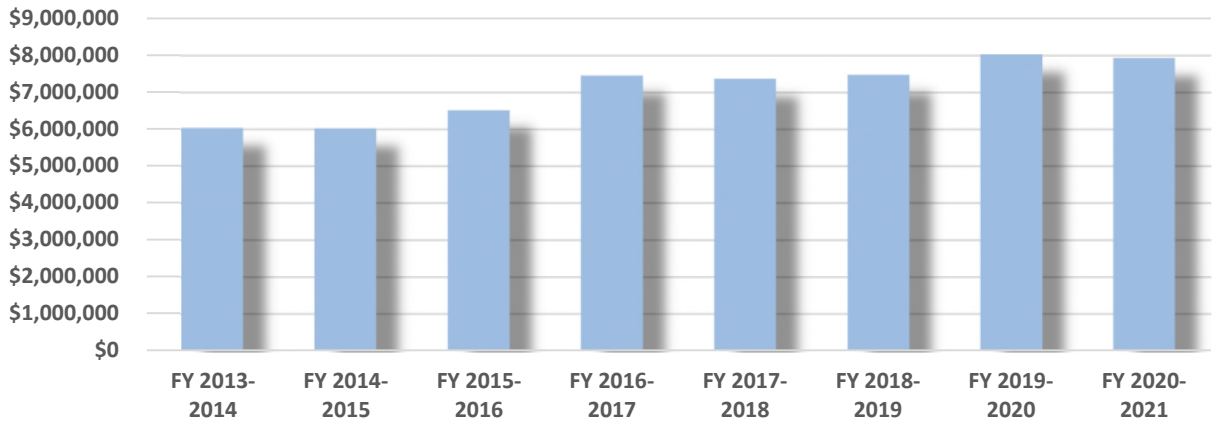
*Other information:* In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, general fund – budget to actual comparison and pension disclosures, on pages 50-51 and other supplementary information, capital project fund – 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, 2021 and 2020, net position was stated as follows:

	<b>Governmental Activities</b>	
	<u><b>2020-2021</b></u>	<u><b>2019-2020</b></u>
Current assets	\$4,210,490	\$4,081,876
Capital assets	<u>4,755,451</u>	<u>4,724,685</u>
Total assets	8,965,941	8,806,561
Deferred outflow of resources		
Deferred outflows related to pensions and OPEB - CERS	<u>262,170</u>	<u>233,785</u>
Total assets and deferred outflows	<u>9,228,111</u>	<u>9,040,346</u>
Long-term liabilities	967,949	792,595
Other liabilities	<u>303,899</u>	<u>160,896</u>
Total liabilities	1,271,848	953,491
Deferred inflow related to pensions and OPEB - CERS	<u>39,153</u>	<u>73,037</u>
Total liabilities and deferred inflows	<u>1,311,001</u>	<u>1,026,528</u>
Net investment in capital assets	4,755,451	4,724,685
Unrestricted	<u>3,161,659</u>	<u>3,289,133</u>
Total net position	<u>\$7,917,110</u>	<u>\$8,013,818</u>

## Change in Position of Net Assets FY 2014 - FY 2021



There was a decrease of \$96,708 from last year to \$7,917,110 in the City's net position for governmental activities. Cash increased \$806,615 from FY 2019-2020 while capital assets increased \$30,766 because of continued investments in infrastructure projects along with the creation of a new park. Current liabilities increased by \$143,003 and long-term liabilities increased \$175,354 due primarily to continued increases in the City's unfunded net pension and other post-employment benefits (OPEB) liability with the Kentucky Retirement Systems, coupled with an increase in accrued costs on capital projects started in FY 2020-2021 but to be completed in FY 2021-2022.

### Governmental Activities

Governmental activities decreased the net position of the City of Crestview Hills by \$96,708 during FY 2020-2021 as summarized on the following chart:

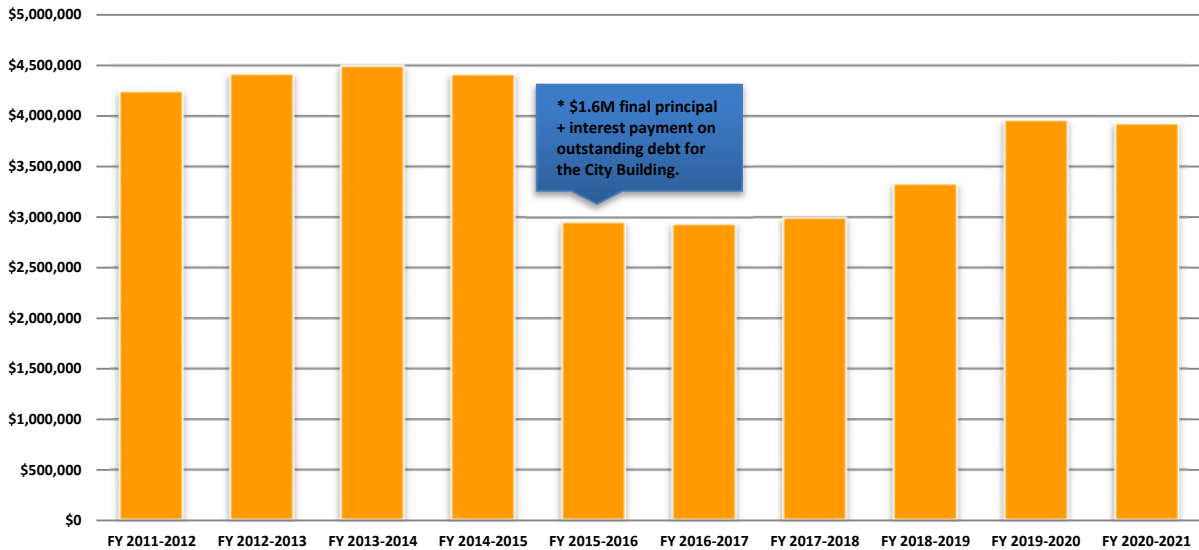
### Changes in Net Position Governmental Activities

	2020-2021	2019-2020
Revenues:		
Program revenues:		
Charges for services	\$161,316	\$145,936
Operating grants and contributions	75,266	235,853
Capital grants and contributions	133,898	137,782
General revenues:		
Property taxes	724,547	701,471
Payroll license fees	2,138,824	2,141,232
Net profit license tax	272,247	394,651
Other taxes, licenses, fees	335,162	318,677
Interest	4,693	23,022
Other	<u>37,307</u>	<u>15,547</u>
Total Revenues	<u>3,883,260</u>	<u>4,114,171</u>

Expenses:		
General Government	\$842,847	\$762,738
Public Safety	1,958,618	1,901,044
Public Works	1,195,944	798,663
Community Services	<u>(17,441)</u>	<u>92,648</u>
Total Expenses	<u>3,979,968</u>	<u>3,555,093</u>
Change in net position	(96,708)	559,078
Net Position – Beginning	<u>8,013,818</u>	<u>7,454,740</u>
Net Position - End of Year	<u>\$7,917,110</u>	<u>\$8,013,818</u>

- Revenues for the City’s governmental activities totaled \$3,883,260, compared to \$4,114,171 last year.
- Payroll license fees totaled \$2,138,824 or approximately 55% of the total revenues. This was slightly down from last year by \$2,408 or less than 1%. The City was fortunate that the impact from the COVID-19 pandemic was not as significant as anticipated. Payroll tax revenue has nearly fully recovered to pre-pandemic levels.
- The second largest recurring revenue was property taxes, which accounted for \$724,547, an increase of 3.3% over FY 2019-2020. The key driver of for the increase was due to Kenton County Property Valuation Administrator completing a reassessment on the real estate in Crestview Hills. As a result of the reassessment, the City’s property tax rate dropped to .158/\$100 assessed value from .168/\$100 assessed value. This rate reflects the 3% increase over the compensating rate, which was approved by the Mayor and Council to help combat the continued uncertainty surrounding the COVID-19 pandemic, as well as the growing Fire/EMS and Police Authority costs.
- This year total expenses for the City’s governmental activities were \$3,979,968 compared to \$3,555,093 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. FY 2020-2021, total expenses increased by \$424,875 or 12%. The key factors to note regarding this increase are the large infrastructure capital project on Lookout Farm Drive and Claiborne Court in the Lookout Farm subdivision, and the completion of Phase I of the new Centre View Boulevard Park. Moreover, 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.

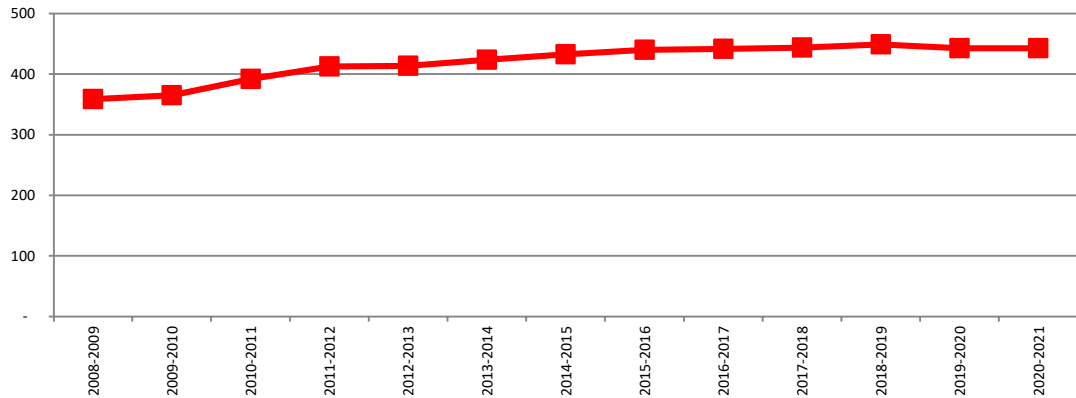
### City Fund Balances



### Governmental Activities: Revenues

Property tax rates were raised to .158 cents per hundred for the 2020 tax year. Rates increased to help offset the continued rise in Fire/EMS and Police Authority costs, as well as to plan for potential revenue loss due to the COVID-19 pandemic. The most significant component to the increase in the property tax revenue over FY 2019-2020, was the reassessment of all real estate within Crestview Hills by the Kenton County Property Valuation Administrator. On average, property valuations increased by approximately 10%. The City’s Homestead & Disability Exemptions remained the same at 443 properties receiving the exemptions in 2021. Kentucky law allows property owners who are 65 or older to receive a homestead exemption. For tax year 2021 the homestead exemption is \$40,500. The amount of the exemption is subtracted from the assessed value of the property.

### Total Properties with Homestead & Disability Exemptions



### Governmental Activities: Expenses

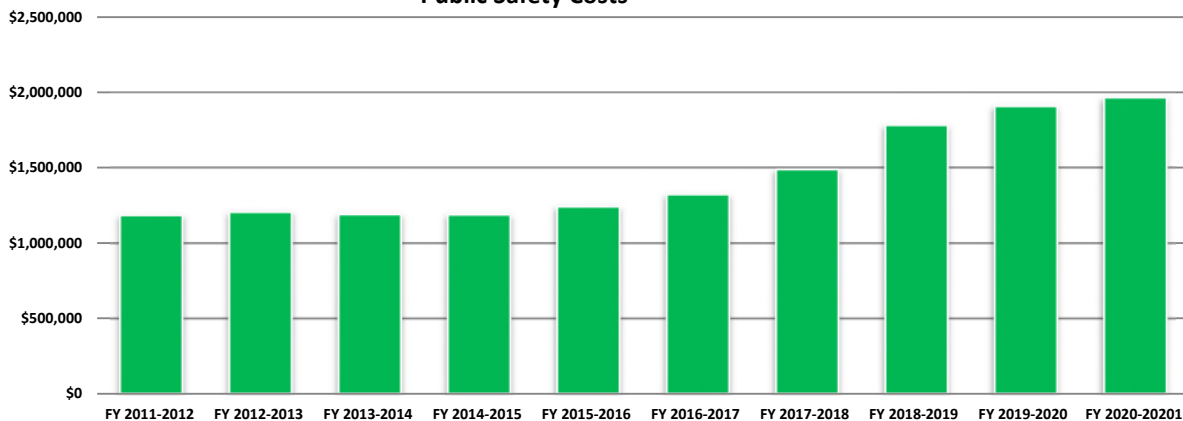
General Government expenses increased in FY 2020-2021 by \$80,109, or up by 10.5% from the prior fiscal year. FY 2020-2021, the City’s General Government department experienced a rise in expenses due to a one-time compensated absence payout to a City employee who retired in October 2021, as well as an increase in the year-end pension and other post retirement employee benefits (OPEB) liability adjustment.

Total Community Development costs decreased by over \$100,000 from prior year. As the uncertainty of the COVID-19 pandemic continue, and with health guidelines/restrictions and safety precautions changing frequently, the City decided, again, to cancel all recreational activity programs including, the annual Christmas Dinner and Business Appreciation Luncheon along with the entire Summer Concert Series. Just as with the prior year, the Community Development expenditures were reduced in FY 2020-2021.

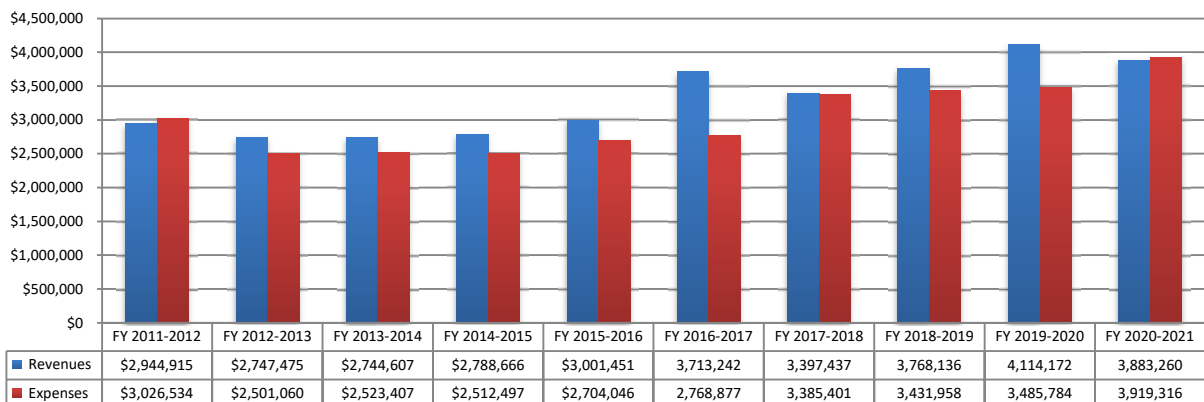
The costs of the City's Public Works division greatly increased by \$397,281 over FY 2019-2020. Public Works includes capital projects on infrastructure, which extend or renew the life of the street, joint projects with other governmental entities, and any repairs to the City Building. The dramatic spike in Public Works expenditures is because of a large infrastructure project in the Lookout Farm subdivision on Lookout Farm Drive and Claiborne Court coupled with the completion of phase I of the Centre View Park. In addition, there was about a \$20,000, or 12.7% cost increase compared to FY 2019-2020 in the waste & recycling contract with Rumpke.

Lastly, Public Safety increased by \$57,574 or 3% over FY 2019-2020. 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 contracts with the cities of Ft. Mitchell and Edgewood for fire and EMS services – both cities continued to increase costs to Crestview Hills by roughly 9.4% (Ft. Mitchell 9% & Edgewood 9.7%) combined. In addition, the Police Authority costs rose slightly by only 1.25%. The Police Authority made a concerted effort to keep costs flat year over year from FY 2019-2020 to FY 2020-2021 to help the cities of Crestview Hills and Lakeside Park in minimizing police costs during the COVID-19 pandemic.

**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 \$3,918,370, which is a decrease of \$36,056 from last year. The primary reasons for the reduction to the fund balance were attributable to a decrease in payroll tax revenue, as well as diminished net profits from local businesses because of the COVID-19 pandemic. In addition, the City increased its investment efforts in infrastructure projects during the 2020-2021 fiscal year. During the year, a total of \$858,321 was transferred from the general fund to the capital projects fund and a total of \$25,141 was transferred from the general fund to the special revenue fund with a net effect of \$0. The City has several projects planned for FY 2021-2022 including: completing the Lookout Farm Drive and Claiborne Court street reconstruction, as well Lookout Farm Drive West. Furthermore, the City plans to complete Phase II of the Centre View Park and install a new HVAC system at the City Building (to replace the aging and malfunctioning current system).

## GENERAL FUND BUDGETARY HIGHLIGHTS

Total Expenditures were less than budgeted amounts by \$113,423. The General Government budgeted expenditures were \$681,004 compared to the actual amount of \$653,786. Public Safety budgeted expenditures were \$1,970,935, compared to the actual amount of \$1,958,618. Public Works budgeted expenditures were \$431,245 compared to the actual amount of \$376,189. Excluded from that amount were transfers out of the General Fund to the Special Revenue and Capital Projects Funds of \$859,000 budgeted and \$858,321 expended. Community Development budgeted expenditures were \$65,414 compared to the actual amount of \$47,261. 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 \$11,779 at the end of the fiscal year. This was down from FY 2019-2020 as the result of the retirement of a long tenured City employee in October 2021.

	Governmental Activities	
	2020-2021	2019-2020
Compensated Absences PTO	\$ 11,779	\$ 33,446
Totals	\$ 11,779	\$ 33,446

Not included in the table above is the \$967,948 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, 2021, the City had \$17,704,963 invested in governmental net capital assets including, buildings, roads and sidewalks. This represents a net increase of \$639,937.

	<b>Governmental Activities</b>	
	<b>2020-2021</b>	<b>2019-2020</b>
Land & Construction in Progress	\$715,410	\$260,000
Buildings	2,590,889	2,590,889
Improvements/Infrastructure	14,043,151	13,930,253
Parks	66,238	0
Equipment	239,225	233,834
Vehicles	<u>50,050</u>	<u>50,050</u>
Subtotals	17,704,963	17,065,026
Accumulated Depreciation	<u>(12,949,512)</u>	<u>(12,340,341)</u>
Net Capital Assets	<u>\$4,755,451</u>	<u>\$4,724,685</u>

Major additions included:

Construction in progress, net of deletions	\$455,410
Infrastructure Projects	\$112,898

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 continue to be focused on the uncertainty revolving around the circumstances created by the COVID-19 global pandemic. While anxiety persists with COVID-19, the City of Crestview Hills, along with the entire region, state, country and world, monitored the key economic indicators to maneuver through this crisis. Crestview Hills received additional COVID-19 relief funding from the CARES Act program in the amount of \$75,266 to help the City during these uncertain times. In addition, the City anticipates receiving a total allocation of approximately \$865,000 through the American Rescue Plan Act (ARPA) in FY 2021-2022.

The economy of the City relies to a great extent on professional or medical offices 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 \$ 142,800 (for 2021) earned within City limits. Approximately 80% of all City taxes derive from the business and commercial sectors of the City.

The COVID-19 pandemic has placed a strain and burden on the health care industry, which has ultimately led to pressure and a need for more medical services. With the City having a strong medical office community, the City has been able to sustain its primary revenue stream. The City's major employer, St. Elizabeth Healthcare, has a significant footprint of the overall employment map.

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 nearly fully 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 the realtor community 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 Town Center's owner to support new businesses, such as the Trader Joe's store that opened in July 2021, and maintain its status as 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 concept, including offices and housing on the site. The owners are also exploring more entertainment and activity-based businesses that will better complement the existing retailers and restaurants, as well as development of housing units to create a more robust economic environment. The City will continue to explore "business-friendly" incentives to help businesses survive during these unprecedented times.

On the housing front, the City's housing stock remain strong and vibrant. The builders of the new Crown Point subdivision are continuing to market that neighborhood with plans to expand the development into 2022. And, due to the size and high assessed value of the homes, when completed, this subdivision will add significantly to the City's tax base. The City continues to see a generational turnover in the housing community, and as a result the City anticipates some remodels and tear-downs/rebuilds on existing lots in the next ten years as the community remains a sought-after area to live 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. 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, 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 4% increase over the compensating rate for property taxes. Also, City Council approved a new taxation model moving from net profits to gross receipts, effective January 1<sup>st</sup>, 2022. These increases were enacted to help the City navigate through the COVID-19 pandemic, and prepare for rising Police and Fire costs. The City regards these actions to be fair and equitable for the residential and business communities, and in-line with the taxation structure of neighboring cities in Kenton County.

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

This financial report is designed to provide our citizens, businesses, 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> <b>STATEMENT OF NET POSITION</b> <b>June 30, 2021</b>
--

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 3,417,909
Investments	100,391
Receivables:	
Property taxes	7,811
Accounts	654,232
Prepaid items	30,147
Capital assets:	
Capital assets not being depreciated	715,410
Other capital assets, net	4,040,041
<b>Total assets</b>	<b>8,965,941</b>
<b>Deferred outflows of resources</b>	
Deferred outflows related to pensions and OPEB - CERS	262,170
<b>Total deferred outflows of resources</b>	<b>262,170</b>
<b>Total assets and deferred outflows of resources</b>	<b>9,228,111</b>
<b>Liabilities</b>	
Accounts payable	31,493
Accrued liabilities	232,877
Unearned revenue	27,750
Noncurrent liabilities due in more than one year:	
Compensated absences - current	9,423
Compensated absences - long term	2,356
Net pension and OPEB liability - CERS	967,949
<b>Total liabilities</b>	<b>1,271,848</b>
<b>Deferred inflows of resources</b>	
Deferred inflows related to pensions and OPEB - CERS	39,153
<b>Total liabilities and deferred inflows of resources</b>	<b>1,311,001</b>
<b>Net position</b>	
Net investment in capital assets	4,755,451
Unrestricted	3,161,659
<b>Total net position</b>	<b>\$ 7,917,110</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, 2021**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Primary Government:</b>					
<b>Governmental activities:</b>					
General government	\$ 842,847	\$ 136,175	\$ -	\$ -	\$ (706,672)
Public safety	1,958,618	-	75,266	-	(1,883,352)
Public works	1,195,944	25,141	-	133,898	(1,036,905)
Community development	(17,441)	-	-	-	17,441
<b>Total governmental activities</b>	<b>3,979,968</b>	<b>161,316</b>	<b>75,266</b>	<b>133,898</b>	<b>(3,609,488)</b>
<b>Total primary government</b>	<b>\$ 3,979,968</b>	<b>\$ 161,316</b>	<b>\$ 75,266</b>	<b>\$ 133,898</b>	<b>\$ (3,609,488)</b>
<b>General revenues:</b>					
Taxes:					
				\$	724,547
					54,995
					2,138,824
					272,247
					91,794
					188,372
					4,693
					37,308
					<b>3,512,780</b>
					(96,708)
					8,013,818
				\$	<b>7,917,110</b>

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

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2021**

	General	Capital Projects Fund	Signage Fund	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 3,415,119	\$ -	\$ 2,790	\$ 3,417,909
Investments	100,391	-	-	100,391
Receivables:				
Property taxes	7,811	-	-	7,811
Accounts	594,238	-	59,994	654,232
Due from other funds	59,994	-	-	59,994
Prepays	30,147	-	-	30,147
<b>Total assets</b>	<b>\$ 4,207,700</b>	<b>\$ -</b>	<b>\$ 62,784</b>	<b>\$ 4,270,484</b>
<b>Liabilities and fund balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 31,493	\$ -	\$ -	\$ 31,493
Miscellaneous accruals	232,877	-	-	232,877
Unearned revenues	27,750	-	-	27,750
Due to other funds	-	-	59,994	59,994
<b>Total liabilities</b>	<b>292,120</b>	<b>-</b>	<b>59,994</b>	<b>352,114</b>
<b>Fund balances:</b>				
Nonspendable- prepaids	30,147	-	-	30,147
Assigned-wayfinding signage fund	-	-	2,790	2,790
Unassigned	3,885,433	-	-	3,885,433
<b>Total fund balances</b>	<b>3,915,580</b>	<b>-</b>	<b>2,790</b>	<b>3,918,370</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,207,700</b>	<b>\$ -</b>	<b>\$ 62,784</b>	<b>\$ 4,270,484</b>
<b>Reconciliation of total fund balance to net position</b>				
Total governmental fund balances				\$ 3,918,370
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.				
				4,755,451
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:				
				262,170
				(39,153)
Long-term liabilities are not due and payable in the current period and are not reported in the funds:				
				(11,779)
				(967,949)
<b>Net position of governmental activities</b>				<b>\$ 7,917,110</b>

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, 2021**

	<b>General</b>	<b>Capital Projects Fund</b>	<b>Signage Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Taxes	\$ 724,547	\$ -	\$ -	\$ 724,547
Licenses and permits	2,741,878	-	-	2,741,878
Intergovernmental	133,898	-	-	133,898
Proceeds from CARES Act	75,266	-	-	75,266
Charges for services	136,175	-	25,141	161,316
Fines and forfeitures	4,354	-	-	4,354
Investment Income	4,693	-	-	4,693
Miscellaneous	37,308	-	-	37,308
<b>Total revenues</b>	<b>3,858,119</b>	<b>-</b>	<b>25,141</b>	<b>3,883,260</b>
<b>Expenditures</b>				
Current:				
General government	653,786	-	-	653,786
Public safety	1,958,618	-	-	1,958,618
Public works	376,189	858,321	25,141	1,259,651
Community development	47,261	-	-	47,261
<b>Total expenditures</b>	<b>3,035,854</b>	<b>858,321</b>	<b>25,141</b>	<b>3,919,316</b>
Excess (deficiency) of revenues over (under) expenditures	822,265	(858,321)	-	(36,056)
<b>Other financing sources (uses)</b>				
Transfers in	-	858,321	-	858,321
Transfers out	(858,321)	-	-	(858,321)
<b>Total other financing sources (uses)</b>	<b>(858,321)</b>	<b>858,321</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(36,056)</b>	<b>-</b>	<b>-</b>	<b>(36,056)</b>
<b>Prior year adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances - beginning</b>	<b>3,951,636</b>	<b>-</b>	<b>2,790</b>	<b>3,954,426</b>
<b>Fund balances - ending</b>	<b>\$ 3,915,580</b>	<b>\$ -</b>	<b>\$ 2,790</b>	<b>\$ 3,918,370</b>

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

<p><b>CITY OF CRESTVIEW HILLS, KENTUCKY</b>  <b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,</b>  <b>AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO</b>  <b>THE STATEMENT OF ACTIVITIES</b>  <b>For the Year Ended June 30, 2021</b></p>
---

**Net change in fund balances - total governmental funds** \$ (36,056)

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	639,936
Depreciation expense	(609,171)

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	(92,451)
Cost of benefits earned - OPEB - CERS	(20,634)

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	21,667
--------------------------------	--------

**Change in net position of governmental activities** **\$ (96,708)**

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, 2021**

**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 to 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 90 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, 2021**

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, 2021**

*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, 2021, were \$.158 per \$100 valuation for real property. The assessed value of property on which the levy for 2020 was based was \$467,095,900.

*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, 2021 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
Parks	10-15	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, 2021**

*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, 2021.

*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, 2021**

*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, 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.

<p><b>CITY OF CRESTVIEW HILLS, KENTUCKY</b>  <b>Notes to the Financial Statements</b>  <b>Year Ended June 30, 2021</b></p>
--

**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, 2020, 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, 2021:

Investments	Fair Value Measurements Using			
	Fair Value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Government Bonds:				
U.S. Treasury Bill	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Notes	100,391	100,391	-	-
Total Government Bonds	<u>100,391</u>	<u>100,391</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 100,391</u>	<u>\$ 100,391</u>	<u>\$ -</u>	<u>\$ -</u>

<b>CITY OF CRESTVIEW HILLS, KENTUCKY</b> <b>Notes to the Financial Statements</b> <b>Year Ended June 30, 2021</b>
---

**NOTE D – CAPITAL ASSETS AND DEPRECIATION**

Capital assets activity for the year ended June 30, 2021 was as follows:

	June 30, 2020	Additions	Retirements	June 30, 2021
Governmental activities:				
Assets not being depreciated				
Construction in progress	\$ -	\$ 455,410	\$ -	\$ 455,410
Land	260,000	-	-	260,000
Subtotal	<u>260,000</u>	<u>455,410</u>	<u>-</u>	<u>715,410</u>
Other capital assets				
Buildings	2,590,889	-	-	2,590,889
Improvements/infrastructure	13,930,253	112,898	-	14,043,151
Parks	-	66,238	-	66,238
Equipment	233,834	5,391	-	239,225
Vehicles	50,050	-	-	50,050
Subtotal	<u>16,805,026</u>	<u>184,527</u>	<u>-</u>	<u>16,989,553</u>
Accumulated depreciation				
Buildings	(1,234,866)	(88,425)	-	(1,323,291)
Improvements/infrastructure	(10,870,129)	(504,601)	-	(11,374,730)
Parks	-	(1,536)	-	(1,536)
Equipment	(198,903)	(8,725)	-	(207,628)
Vehicles	(36,443)	(5,884)	-	(42,327)
Subtotal	<u>(12,340,341)</u>	<u>(609,171)</u>	<u>-</u>	<u>(12,949,512)</u>
Other capital assets, less depreciation	<u>4,464,685</u>	<u>(424,644)</u>	<u>-</u>	<u>4,040,041</u>
Government capital assets, net	<u>\$ 4,724,685</u>	<u>\$ 30,766</u>	<u>\$ -</u>	<u>\$ 4,755,451</u>

Depreciation was charged to the following governmental activities:

General Government	\$ 103,034
Public Works	504,601
Community Development	1,536
Total	<u>\$ 609,171</u>

<p><b>CITY OF CRESTVIEW HILLS, KENTUCKY</b>  <b>Notes to the Financial Statements</b>  <b>Year Ended June 30, 2021</b></p>
--

**NOTE E – DEBT**

The City’s only debt is the amount of unpaid vacation owed to City employees. The total is \$11,779 of which \$9,423 is current and payable in the next twelve months and \$2,356 is long-term. These funds are liquidated through the General Fund.

Short-term liability activity for the year ended June 30, 2021, was as follows:

	Balance at June 30, 2020	Additions	Retirements	Balance at June 30, 2021	Current Position
<b>Governmental activities -</b>					
Compensated absences	\$ 33,446	\$ 14,993	\$ (36,660)	\$ 11,779	\$ 9,423
Total government activities	<u>\$ 33,446</u>	<u>\$ 14,993</u>	<u>\$ (36,660)</u>	<u>\$ 11,779</u>	<u>\$ 9,423</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, 2021**

Membership in CERS consisted of the following at June 30, 2020:

	Non-Hazardous	
	Pension	OPEB
Active Plan Members	81,506	81,147
Inactive Plan Members	91,543	29,362
Retired Members	64,539	36,371
	<u>237,588</u>	<u>146,880</u>
Number of participating employers		<u>1,136</u>

**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	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old or age 57+ and sum of service years plus age equal 87
	Reduced retirement	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 of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

<p><b>CITY OF CRESTVIEW HILLS, KENTUCKY</b>  <b>Notes to the Financial Statements</b>  <b>Year Ended June 30, 2021</b></p>
--

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

	<u>Required Contribution</u>
Tier 1	5%
Tier 2	5%
Tier 3	5%

**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, 2021. The City made all required contributions for the non-hazardous Plan obligation for the fiscal year in the amount of \$50,842, of which \$40,783 was for the pension fund and \$10,059 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, 2021, the City reported a liability of \$736,235 as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the City’s non-hazardous employer allocation proportion was 0.0096% of the total CERS non-hazardous duty employees. For the year ended June 30, 2021, the City recognized pension expense of \$92,451 in addition to its \$40,783 pension contribution.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Non-Hazardous</u>	
	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 18,359	\$ -
Net difference between projected actual earnings on plan investments	18,423	-
Changes of assumptions	28,749	-
Changes in proportion and differences between contributions and proportionate share of contributions	42,299	-
Contributions subsequent to the measurement date	40,783	-
	<u>\$ 148,613</u>	<u>\$ -</u>

<p><b>CITY OF CRESTVIEW HILLS, KENTUCKY</b>  <b>Notes to the Financial Statements</b>  <b>Year Ended June 30, 2021</b></p>
--

The City's contributions subsequent to the measurement date of \$40,783 will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ending June 30,	Net Deferral
2021	\$ 54,680
2022	35,345
2023	10,406
2024	7,399
2025	-
Thereafter	-
	\$ 107,830

**Actuarial Assumptions**

The total pension liability as of June 30, 2021 is based on an actuarial valuation date of June 30, 2018, rolled forward to June 30, 2020, and determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method	Level percentage of payroll
Amortization period	25 years, closed
Payroll growth rate	2.00%
Investment rate of return	6.25%
Inflation	2.30%
Salary increases	3.05-11.55%, varies by service
Mortality	RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back 1 year for females)

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 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.

<b>CITY OF CRESTVIEW HILLS, KENTUCKY</b> <b>Notes to the Financial Statements</b> <b>Year Ended June 30, 2021</b>
---

**Changes of Assumptions**

There have been no changes in actuarial assumptions since June 30, 2019.

**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.

**Plan Target Allocation**

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 (Haz & Non-Haz) Target Allocation	Long Term Expected Nominal Return
US equity	18.75%	4.50%
Non-US equity	18.75%	5.25%
Private equity	10.00%	6.65%
Specialty credit/high yield	15.00%	3.90%
Core bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Real estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real return	15.00%	3.95%
Total	100.00%	6.26%

**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	\$ 907,938	\$ 736,235	\$ 594,059
Total	907,938	736,235	594,059

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**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.

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% 4-9 years service - 25% 10-14 years service - 50% 15-19 years service - 75% 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 for the year ended June 30, 2021, 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 \$10,058 for non-hazardous duty employees for the year ended June 30, 2021.

<b>CITY OF CRESTVIEW HILLS, KENTUCKY</b> <b>Notes to the Financial Statements</b> <b>Year Ended June 30, 2021</b>
---

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

At June 30, 2021, the City reported a liability of \$231,714 as its proportionate share of the net OPEB liability. The net pension liability was measured as of June 30, 2020, 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 governmental entities, actuarially determined.

At the June 30, 2020 measurement year, the City's proportion of the total non-hazardous plan was 0.0096% of the total CERS non-hazardous duty employees. For the year ended June 30, 2021, the City recognized OEPB expense of \$20,634 in addition to its \$10,058 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	Deferred Inflow
Differences between expected and actual experience	\$ 38,715	\$ (38,745)
Net difference between projected actual earnings on plan investments	7,702	-
Changes of assumptions	40,305	(245)
Changes in proportion and differences between contributions and proportionate share of contributions	16,776	(163)
Contributions subsequent to the measurement date	10,058	-
	\$ 113,557	\$ (39,153)

<b>CITY OF CRESTVIEW HILLS, KENTUCKY</b> <b>Notes to the Financial Statements</b> <b>Year Ended June 30, 2021</b>
---

The City's contributions subsequent to the measurement date, \$10,058 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Measurement Year Ending June 30,	Net Deferral
2021	\$ 16,837
2022	19,116
2023	14,742
2024	13,698
2025	(48)
Thereafter	-
	\$ 64,345

### Actuarial Assumptions

The total OPEB liability as of June 30, 2021 is based on an actuarial valuation date of June 30, 2018, rolled forward to June 30, 2020, and determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method	Level percentage of payroll
Amortization period	25 years, closed
Payroll growth rate	2.00%
Investment rate of return	6.25%
Inflation	2.30%
Salary increases	3.30-11.55%, varies by service
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 7.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2019 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Healthcare trend rates (Post-65):	Initial trend starting at 5.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years. The 2019 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Phase-in provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**Changes of Assumptions**

The discount rates used to calculate the total OPEB liability decreased from 5.68% to 5.34%. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2019 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. Also, the June 30, 2020 GASB No. 74 actuarial information reflects the anticipated savings from the repeal of the “Cadillac Tax” and “Health Insurer Fee”, which occurred in December of 2019. The assumed load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11% to reflect the repeal of the Health Insurer Fee. There were no other material assumption changes.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 5.34% for the non-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.

**Plan Target Allocation**

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 (Haz & Non-Haz) Target Allocation	Long Term Expected Nominal Return
US equity	18.75%	4.50%
Non-US equity	18.75%	5.25%
Private equity	10.00%	6.65%
Specialty credit/high yield	15.00%	3.90%
Core bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Real estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real return	15.00%	3.95%
Total	100.00%	6.26%

<b>CITY OF CRESTVIEW HILLS, KENTUCKY</b> <b>Notes to the Financial Statements</b> <b>Year Ended June 30, 2021</b>
---

**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 5.34% 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	4.34%	5.34%	6.34%
Net OPEB liability, Non-Haz	\$ 297,685	\$ 231,714	\$ 177,530
Total	\$ 297,685	\$ 231,714	\$ 177,530

**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:

	Proportionate Share of Net OPEB Liability		
	1.00% Decrease	Current Rate	1.00% Increase
Healthcare cost trend rate			
Net OPEB liability, Non-Haz	\$ 179,405	\$ 231,714	\$ 295,193
Total	\$ 179,405	\$ 231,714	\$ 295,193

**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.

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**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, 2021, 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 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 2020-2021, the City of Crestview Hills paid \$1,381,906 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 \$296,250 and \$271,500, respectively.

Effective July 1, 2020, the City entered into a three-year agreement with Rumpke of Kentucky, Inc. for solid waste collection and recycling services. The amount paid for the fiscal year ended June 30, 2021 was \$194,534.

<p><b>CITY OF CRESTVIEW HILLS, KENTUCKY</b>  <b>Notes to the Financial Statements</b>  <b>Year Ended June 30, 2021</b></p>
--

**NOTE L – TAX ABATEMENTS**

In accordance with GASB 77, the City had the following tax abatements for the fiscal year ended June 30, 2021:

Tax Payer	Tax Approved for Abatement	Authority	Commitment	Amount Abated this Fiscal Year	Date Abatement Ends
Residents on Private Street	\$0.023 per \$100 Assessment	Crestview Hills City Council Ordinance 2010-15-02	5 years with renewal after review by City	\$ 25,553	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	\$ 31,761	July 2026
Total Abatement for the Year Ended June 30, 2021				<u>\$ 57,314</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 2021-2022 fiscal year budget has been passed to incorporate the effects of the pandemic on the revenues and expenses.

**NOTE N – ADDITIONAL CARES ACT FUNDING**

In response to the COVID-19 Global Pandemic, the City has qualified and been approved for an additional \$75,266 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 at June 30, 2021.

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

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

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

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

Statement No. 95 – *Postponement of Effective Dates for Certain Authoritative Guidance* – FY 2021

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**NOTE P – FUTURE ACCOUNTING STANDARDS**

Statement No. 87 – *Leases* – FY 2022

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 2023

Statement No. 96 – *Subscription-Based Information Technology Arrangements* – FY 2023

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 October 18, 2021, the date on which the financial statements were available for issue. The City's management did not have any events subsequent to June 30, 2021 through October 18, 2021 to disclose.

This Page Intentionally Left Blank

## REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts			Actual	Variance with Final Budget - Positive (Negative)
	Original	Amendments	Final		
<b>Budgetary fund balance, July 1</b>	\$ 3,470,342	\$ -	\$ 3,470,342	\$ 3,951,636	\$ 481,294
<b>Resources (inflows):</b>					
Taxes	706,000	-	706,000	724,547	18,547
Licenses and permits:	2,406,956	296,675	2,703,631	2,741,878	38,247
Intergovernmental	135,530	75,000	210,530	209,164	(1,366)
Charges for services	166,385	-	166,385	136,175	(30,210)
Fines and forfeitures	5,600	-	5,600	4,354	(1,246)
Investment income	12,000	-	12,000	4,693	(7,307)
Miscellaneous	50,000	-	50,000	37,308	(12,692)
<b>Amounts available for appropriation</b>	<u>6,952,813</u>	<u>371,675</u>	<u>7,324,488</u>	<u>7,809,755</u>	<u>485,267</u>
<b>Charges to appropriations (outflows):</b>					
General government	663,419	17,585	681,004	653,786	27,218
Public safety	1,970,935	-	1,970,935	1,958,618	12,317
Public works	467,761	(36,516)	431,245	376,189	55,056
Community development	125,414	(60,000)	65,414	47,261	18,153
Transfers out	140,000	719,000	859,000	858,321	679
<b>Total charges to appropriation</b>	<u>3,367,529</u>	<u>640,069</u>	<u>4,007,598</u>	<u>3,894,175</u>	<u>113,423</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ 3,585,284</u>	<u>\$ (268,394)</u>	<u>\$ 3,316,890</u>	<u>\$ 3,915,580</u>	<u>\$ 598,690</u>

<b>CITY OF CRESTVIEW HILLS, KENTUCKY</b> <b>BUDGETARY COMPARISON SCHEDULE - WAYFINDING SIGNAGE FUND</b> <b>For the Year Ended June 30, 2021</b>
---

	Budgeted Amounts			Actual Amounts	Variance with Final Budget - Positive (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	25,141	641
<b>Amounts available for appropriation</b>	<u>24,500</u>	<u>-</u>	<u>24,500</u>	<u>27,931</u>	<u>3,431</u>
<b>Charges to appropriations (outflows):</b>					
Transfer to General Fund	24,500	-	24,500	25,141	(641)
<b>Total appropriations</b>	<u>24,500</u>	<u>-</u>	<u>24,500</u>	<u>25,141</u>	<u>(641)</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, 2021**

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of net pension liability	0.00960%	0.00910%	0.83200%	0.00809%	0.00920%	0.00973%	0.00894%			
Proportionate share of the net pension liability (asset)	\$736,235	\$639,655	\$506,713	\$473,767	\$453,097	\$418,472	\$289,995			
Covered payroll in year of measurement	245,879	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	299.43%	278.81%	240.33%	228.62%	199.52%	186.79%	131.20%			
Plan fiduciary net position as a percentage of total pension liability	47.81%	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**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 40,783	\$ 47,455	\$ 37,213	\$ 30,530	\$ 26,888	\$ 28,205	\$ 28,565			
Actual contribution	40,783	47,455	37,213	30,530	26,888	28,205	28,565			
Contribution deficiency (excess)	-	-	-	-	-	-	-			
Covered payroll	211,313	245,879	229,424	210,840	207,232	227,093	224,039			
Contributions as a percentage of covered payroll	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%			

**Notes to Required Supplementary Information for the Year Ended June 30, 2021**

The net pension liability as of June 30, 2021, is based on the June 30, 2020, 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, 2021**

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of net pension liability	0.00960%	0.00909%	0.00838%	0.00809%						
Proportionate share of the net pension liability (asset)	\$231,714	\$152,940	\$148,803	\$162,717						
Covered payroll in year of measurement	245,879	229,424	210,840	207,232						
Share of the net pension liability (asset) as a percentage of its covered payroll	94.24%	66.66%	70.58%	78.52%						
Plan fiduciary net position as a percentage of total pension liability	51.67%	57.62%	57.62%	52.40%						

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 10,058	\$ 11,704	\$ 12,068	\$ 9,909	\$ 9,117					
Actual contribution	10,058	11,704	12,068	9,909	9,117					
Contribution deficiency (excess)	-	-	-	-	-					
Covered payroll	211,313	245,879	229,424	210,840	207,232					
Contributions as a percentage of covered payroll	4.76%	4.76%	5.26%	4.70%	4.40%					

**Notes to Required Supplementary Information for the Year Ended June 30, 2021**

The net OPEB liability as of June 30, 2021, is based on the June 30, 20 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> <b>BUDGETARY COMPARISON SCHEDULE - CAPITAL PROJECTS FUND</b> <b>For the Year Ended June 30, 2021</b>
---

	Budgeted Amounts			Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Amendments	Final		
<b>Budgetary fund balances, July 1</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Resources (inflows):</b>					
Transfers in	140,000	719,000	859,000	858,321	(679)
<b>Amounts available for appropriation</b>	<u>140,000</u>	<u>719,000</u>	<u>859,000</u>	<u>858,321</u>	<u>(679)</u>
<b>Charges to appropriations (outflows):</b>					
Capital outlay	140,000	719,000	859,000	858,321	679
<b>Total appropriations</b>	<u>140,000</u>	<u>719,000</u>	<u>859,000</u>	<u>858,321</u>	<u>679</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

This Page Intentionally Left Blank

# STATISTICAL SECTION

## STATISTICAL SECTION NARRATIVE

The Statistical Section of the City of Crestview Hills Comprehensive Annual Financial Report 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 72-73

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 74-75

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									
	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
<b>Governmental activities</b>										
Net investment in capital assets	\$ 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	\$ 4,755,451
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	3,161,659
<b>Total governmental activities net position</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>	<b>\$ 7,917,110</b>

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

	Fiscal Year									
	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 811	\$ 2,623	\$ 1,659	\$ 1,389	\$ -	\$ -	\$ -	\$ 108,900	\$ 108,900	\$ 136,175
Public safety	4,069	4,400	3,911	3,420	2,260	25,233	39,850	-	-	-
Public works	-	-	-	-	-	22,058	47,980	24,532	24,526	25,141
Community development	12,907	12,408	10,544	7,689	14,390	9,481	15,250	18,050	12,450	-
Operating grants and contributions	-	-	-	-	-	-	-	-	235,853	75,266
Capital grants and contributions	331,421	73,357	128,184	131,197	152,412	694,632	97,769	123,493	137,781	133,898
<b>Total governmental activities program revenues</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>370,480</b>
<b>Total Primary government program revenues</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>370,480</b>
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 580,733	\$ 557,336	\$ 596,030	585,436	685,335	636,737	779,259	737,411	762,738	842,847
Public safety	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	1,958,618
Public works	1,116,282	584,229	564,266	571,053	647,622	730,455	1,044,660	1,050,391	798,663	1,195,944
Community development	70,566	82,312	102,824	109,355	93,247	84,787	78,925	105,472	92,648	(17,441)
Interest on long-term debt	78,273	75,921	73,612	67,592	40,537	-	-	-	-	-
<b>Total governmental activities</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>3,979,968</b>
<b>Total primary government expenses</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>\$ 3,979,968</b>
<b>Net (expense)/revenue Governmental Activities</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>\$(3,035,583)</b>	<b>\$(3,609,488)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Taxes:										
Property taxes, levied for general purposes	\$ 577,737	\$ 597,639	\$ 603,408	\$ 623,891	\$ 627,437	\$ 654,192	\$ 657,437	\$ 683,599	\$ 701,471	\$ 724,547
Bank deposit taxes	40,580	41,897	44,198	43,274	39,748	34,779	34,850	38,243	44,354	54,995
Public service taxes	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	2,691,237
Interest	22,660	9,968	9,932	6,943	6,031	6,056	5,782	23,640	23,022	4,693
Miscellaneous	33,972	14,938	4,840	21,877	4,128	2,397	14,361	1,149	15,548	37,308
<b>Total governmental activities</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>3,512,780</b>
<b>Total primary government</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>\$ 3,512,780</b>
<b>Change in Net Position</b>										
Current year Governmental activities	\$ (81,619)	\$ 246,415	\$ 221,200	\$ 276,169	\$ 297,405	\$ 944,365	\$ 12,036	\$ 97,906	\$ 559,078	\$ (96,708)
Prior year adjustments	-	-	-	(289,399)	191,994	-	(99,024)	-	-	-
<b>Total primary government</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>	<b>\$ (96,708)</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>
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
2020-2021	724,547	2,138,824	272,247	57,881	54,995	3,248,494

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									
	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016 <sup>(1)</sup>	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
<b>General Fund</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	17,750	14,136	11,960	14,108	15,655	14,474	10,514	9,416	21,940	30,147
Assigned- capital projects	-	-	-	-	-	-	-	-	-	-
Assigned- wayfinding signs	-	-	-	141,526	3,044	2,997	2,899	2,791	2,790	2,790
Unassigned	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	3,885,433
Prior year adjustments - Unassigned	-	-	-	-	191,994	-	19,285	-	-	-
<b>Total General Fund</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>	<b>\$ 3,918,370</b>

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

	Fiscal Year									
	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
<b>Revenues</b>										
Taxes	\$ 578,885	\$ 589,578	\$ 603,611	\$ 623,891	\$ 630,863	\$ 654,192	\$ 657,437	\$ 683,599	\$ 701,471	\$ 724,547
Licenses and permits	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	2,741,878
Intergovernmental	252,831	151,946	128,185	131,197	152,412	694,632	97,769	123,493	137,782	133,898
Fines and forfeitures	2,677	4,809	3,071	2,509	4,319	7,756	3,052	9,710	5,646	4,354
Charges for services	15,111	14,622	13,043	9,989	16,650	56,772	103,080	151,482	145,936	161,316
Interest	22,660	9,968	9,932	6,943	6,031	6,056	5,782	23,640	23,022	4,693
Miscellaneous	33,972	14,938	4,840	21,877	4,128	2,397	19,813	1,149	15,548	37,308
<b>Total revenues</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>3,807,994</b>
<b>Expenditures</b>										
Current:										
General government	473,767	452,329	484,136	476,503	518,494	542,075	670,266	592,491	622,282	653,786
Public safety	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	1,958,618
Public works	948,301	714,280	699,426	909,793	1,218,845	1,787,767	1,125,742	957,040	869,810	1,259,651
Community development	70,566	82,312	102,824	109,355	93,247	84,787	78,925	105,472	92,648	47,261
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service										
Principal	115,000	120,000	125,000	125,000	1,560,000	-	-	-	-	-
Interest	78,385	74,475	70,395	66,145	30,947	-	-	-	-	-
<b>Total expenditures</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>3,919,316</b>
<b>Excess (deficiency) of revenues over (under) expenditures</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>(111,322)</b>
<b>Other financing sources (uses)</b>										
Bond issue	-	-	-	-	-	-	-	-	-	-
Bond issue costs	-	-	-	-	-	-	-	-	-	-
Proceeds from CARES Act	-	-	-	-	-	-	-	-	235,853	75,266
Transfers in	488,264	353,060	313,304	632,211	632,211	1,391,634	688,661	530,494	493,846	858,321
Transfers out	(488,264)	(353,060)	(313,304)	(632,211)	(632,211)	(1,391,634)	(688,661)	(530,494)	(493,846)	(858,321)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>235,853</b>	<b>75,266</b>
<b>Net change in current year fund balance</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>	<b>(36,056)</b>
Prior year adjustments	-	-	-	-	191,994	-	19,285	-	-	-
<b>Net change in fund balance</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>\$ (36,056)</b>
<b>Debt service as a percentage of non capital expenditures</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>	<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>
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
2020-2021	724,547	2,138,824	272,247	57,881	54,995	3,248,494

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 \$142,800.

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

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

<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>
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%
2020-2021	558,614,002	-	91,518,102	467,095,900	15.80%

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	
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
2020-2021	0.1580	0.1580	0.1590	0.6710	0.1756	1.3216

(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	2020-2021			2011-2012		
	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	6.00%			
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>25.88%</b>			
Crestview Hills Towne Center				\$ 31,693,380	1	7.93%
Grandview Summit Investments				17,600,000	2	4.40%
Higbee Company				11,555,000	3	2.89%
Columbia Sussex				8,500,000	4	2.13%
Northern KY Racquet Club, Inc.				6,580,800	5	1.65%
Atria Summit Hills, LLC				5,076,000	6	1.27%
Chapel Place D, LLC				4,500,000	7	1.13%
Thomas More Hemmer II LTD				4,400,000	8	1.10%
Summit Hills Country Club Inc.				4,391,100	9	1.10%
Thomas More Hemmer LTD				3,937,500	10	0.98%
Thomas More Hemmer IV LTD				3,937,500	10	0.98%
<b>Total</b>				<b>\$ 102,171,280</b>		<b>25.56%</b>

**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
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%
2020-2021	751,037	749,409	100%	11,508	760,917	101%

**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			
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	-	-	-	-	-
2020-2021	-	-	-	-	-

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.

**CITY OF CRESTVIEW HILLS, KENTUCKY**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years**

**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>
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	-	-	-	-	-
2020-2021	-	-	-	-	-

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, 2021**

<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)	\$ 88,359,916	3.61%	\$ 3,191,405
Kenton County School District (3)	195,612,825	5.62%	10,991,556
Other Kenton County Governments (4)	6,383,213	3.61%	230,550
<b>Subtotal, overlapping debt</b>	<u>290,355,954</u>		<u>14,413,511</u>
City of Crestview Hills direct debt	<u>-</u>		<u>-</u>
<b>Total direct and overlapping debt</b>	<u><u>\$ 290,355,954</u></u>		<u><u>\$ 14,413,511</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 2020-2021**

Assessed value	#####
Add back: exempt real property	91,518,102
Total assessed value	<u>#####</u>
Debt limit (10% of total taxable assessed value)	<u>\$55,861,400</u>
Debt applicable to limit:	
General obligation bonds	-
Less: amount set aside for repayment of general obligation debt	<u>-</u>
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$55,861,400</u>

	<u>Fiscal Year</u>									
	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>
Debt limit	\$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	\$55,861,400
Total debt applicable to limit	1,930,000	1,810,000	1,685,000	1,560,000	-	-	-	-	-	-
Legal debt margin	\$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	\$55,861,400
Total net debt applicable to the limit as a percentage of debt limit	4.28%	3.97%	3.69%	3.41%	0.00%	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>Crestview Hills</u> Population(1)	Per Capita Personal Income(2)	Median Household Income(3)	<u>Crestview Hills</u> Median Age(4)	<u>Kenton County</u> Unemployment Rate(5)
2011-2012	3,123	\$43,684	\$65,859	45.4	7.7%
2012-2013	3,130	\$44,695	\$65,608	45.5	7.5%
2013-2014	3,310	\$48,461	\$74,375	45.0	5.7%
2014-2015	3,320	\$50,874	\$71,976	47.5	4.6%
2015-2016	3,327	\$54,074	\$68,186	47.4	4.3%
2016-2017	3,321	\$55,029	\$71,696	48.1	4.3%
2017-2018	3,281	\$56,491	\$76,179	49.2	3.8%
2018-2019	3,300	\$58,349	\$87,500	48.8	3.8%
2019-2020	3,325*	\$60,099*	\$90,125*	49.3*	5.3%
2020-2021	3,350*	\$61,902*	\$92,829*	49.8*	4.7%

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

(2) Bureau of Economic Analysis (Kenton County data) "Estimates for 2010-2019 reflect county population estimates available as of March 2020"

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

(4) U.S. Census Bureau - American Community Survey "Age and Sex"

(5) 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

2020-2021			2011-2012		
Taxpayer	Rank	Percentage of Total City Employment	Taxpayer	Rank	Percentage of Total City Employment
St. Elizabeth Medical Center	1	15.71%	St. Elizabeth Physicians	1	10.60%
St. Elizabeth Physicians	2	12.32%	Diocese of Covington	2	8.70%
Thomas More University	3	6.13%	Thomas More College	3	6.30%
Greensky, LLC	4	5.95%	Fischer Management Inc	4	4.10%
Dresssman, Benzinger, & Lavelle, PSC	5	3.19%	Columbia Sussex Corporation	5	3.00%
Tri State Gastroenterology Associates	6	2.96%	The Bank of Kentucky Inc.	6	2.80%
Children's Hospital Medical Center	7	2.31%	Dresssman, Benzinger, & Lavelle, PSC	7	2.70%
Pediatric Associates PSC	8	2.23%	Children's Hospital Medical Center	8	2.60%
Tri State Center for Sight Inc.	9	2.09%	Huntington Kentucky LLC	9	2.20%
Columbia Sussex Management, LLC	10	1.98%	Oncology/Hematology Care Inc.	10	2.00%
<b>TOTAL</b>		<b>54.87%</b>	<b>TOTAL</b>		<b>45.00%</b>

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

Function/Program	Fiscal Year									
	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
General Government	3	2	2	3	3	3	3	3	3.5	4
Public works	1	1	1	1	1	1	1	1	0.5	1

Source: Human Resource Department

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

Function	Fiscal Year									
	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
<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.

This Page Intentionally Left Blank

**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, 2021 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 October 18, 2021.

**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.

**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*.

This Page Intentionally Left Blank

### **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.

*Chamberlin Owen & Co., Inc.*

Erlanger, Kentucky  
October 18, 2021

This Page Intentionally Left Blank