

**CITY OF BELLEVUE, KENTUCKY**

**ANNUAL FINANCIAL REPORT**

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

**CITY OF BELLEVUE, KENTUCKY**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the remaining aggregate fund information of the City of Bellevue, Kentucky, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the remaining aggregate fund information of the City of Bellevue, Kentucky as of June 30, 2020 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **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 3-6, the budgetary comparison schedules on pages 43-44, and the pension and other post-employment benefits disclosures on pages 45-48 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***-Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The combining special revenue funds, proprietary funds, and non-major governmental funds financial statements are supplementary information and 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2021 on our consideration of the City of Bellevue, 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 Bellevue, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bellevue, Kentucky's internal control over financial reporting and compliance.

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

**Van Gorder, Walker & Co., Inc.**  
Erlanger, Kentucky  
February 5, 2021

**City of Bellevue, Kentucky**  
**Fiscal Year 2020**  
**Management's Discussion and Analysis**

Our discussion and analysis of the City of Bellevue's financial performance for the fiscal year ended June 30, 2020, is intended to compliment the formal financial statements that begin on page 7. The formal financial statements, upon which the audit firm renders their opinion, can be fairly complex. The Auditors notes, which are in the last section of the report, must also comply with structured professional standards and can be difficult for a non-accounting professional to understand. This "management's discussion" portion is intended to assist our citizens and other stakeholders in gaining a clearer understanding of the information in the Annual Financial Reports.

**FINANCIAL HIGHLIGHTS**

- The general fund's beginning cash balance for the City was \$1.9 million, and the ending cash balance for the City was \$2.2 million.
- During fiscal 2020 the City's governmental funds revenues decreased approximately \$31.4 thousand over the prior year revenues. The decrease was due primarily to a decrease in revenues from payroll tax of \$82.6 thousand and intergovernmental revenues of \$218 thousand.
- The City's governmental fund expenditures decreased approximately \$330.8 thousand over the prior year expenses. There were decreases in most departments' expenses, primarily due to the COVID-19 shut down. The police department had an increase in expenses of \$93 thousand.
- The City remains committed to increasing salaries above annual inflation rates to provide for merit increases in order to keep qualified employees.
- During fiscal year 2020, the City renewed the \$2.5 million bond anticipation note for two additional years that was used to purchase land on the city riverfront. Presently the bonds are due March 1, 2021. The City paid this bond in full on November 12, 2020. See Subsequent Event Note V on page 42 in the notes to financial statements. The City was also given the former Joe's Crab Shack building, estimated at \$1.6M, when the restaurant closed permanently in March 2020, in exchange for allowing the restaurant to terminate the remainder of its lease.

The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 7 and 8) provide information about the activities of the City as a whole and present an overview of the City's finances. Fund financial statements are on pages 9 to 13, for governmental funds, 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 the government-wide statements by providing information about the City's most financially significant funds.

**REPORTING THE CITY AS A WHOLE**

The statement of activities presents information showing how much the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government wide financial statements outline functions of the City that are principally supported by property taxes, license fees, user fees and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, police, parks, public works and special appropriations (including Bellevue/Dayton fire department allotment). Fixed assets are also supported by taxes and intergovernmental revenues.

The government wide financial statements can be found on pages 7 and 8 of this report.

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

**Fund financial statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detailed information about the most significant funds – not the City as a whole. The City Council establishes funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City has governmental and proprietary funds. The proprietary fund is for rental operations at Port Bellevue Urban Renewal Community Development Agency's activities.

- Most of the City's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and 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 modified accrual basis allows certain revenues to be recognized before actually received. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service 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 Positions and the Statement of Activities) and governmental funds in a reconciliation of the fund financial statements.

The basic government fund financial statement can be found on pages 9-13 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 page 17 through 42 of this report.

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$1,700,086 as of June 30, 2020. In accordance with GASB Statement No. 68 and GASB 75, in FY 2020 the City recognized \$5,68,860 in unfunded net pension and other post-employment benefits (OPEB) liabilities on its statement of net position.

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land, building, office equipment, machinery and equipment, vehicles, and infrastructure). These capital assets are used to provide services to citizens, and consequently, are not available for future spending.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

## Net Position for the period ending June 30, 2020 and 2019.

An overview of the current and prior year financial statements are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Assets</b>						
Current assets	\$ 3,862,163	\$ 2,979,673	\$ 389,535	\$ 493,499	\$ 4,251,698	\$ 3,473,172
Noncurrent assets, net	7,584,696	7,741,948	6,320,238	4,760,369	13,904,934	12,502,317
Total Assets	11,446,859	10,721,621	6,709,773	5,253,868	18,156,632	15,975,489
<b>Deferred Outflows of Resources</b>	1,557,508	1,612,097	127,832	138,157	1,685,340	1,750,254
<b>Total Assets and Deferred Outflows</b>	13,004,367	12,333,718	6,837,605	5,392,025	19,841,972	17,725,743
<b>Liabilities</b>						
Current liabilities	2,901,822	417,370	142,490	141,571	3,044,312	558,941
Noncurrent liabilities	10,569,953	12,045,496	2,248,137	2,382,451	12,818,090	14,427,947
Total Liabilities	13,471,775	12,462,866	2,390,627	2,524,022	15,862,402	14,986,888
<b>Deferred Inflows of Resources</b>	679,484	897,564	-	-	679,484	897,564
<b>Total Liabilities and Deferred Inflows</b>	14,151,259	13,360,430	2,390,627	2,524,022	16,541,886	15,884,452
<b>Net Position</b>						
Invested in capital assets, net of related debt	2,234,750	2,252,070	4,065,620	2,381,762	6,300,370	4,633,832
Restricted	443,698	263,366	381,358	486,241	825,056	749,607
Unrestricted	(3,825,340)	(3,542,037)	-	-	(3,825,340)	(3,542,037)
<b>Total Net Postion</b>	<b>\$ (1,146,892)</b>	<b>\$ (1,026,601)</b>	<b>\$ 4,446,978</b>	<b>\$ 2,868,003</b>	<b>\$ 3,300,086</b>	<b>\$ 1,841,402</b>

To account for an investment in a joint venture, along with the City of Dayton, Kentucky, in the Fire Department of Bellevue and Dayton, the City recognizes an annual adjustment to net position which accounts for one half of the net position of the fire department. At June 30, 2020 the investment in the joint venture was a liability balance of \$1,911,944, which is \$562,893 more than the prior year.

## Governmental Funds

The following represents a summary of the City's revenue and expense for the fiscal years ending June 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Revenues:		
Property taxes	\$ 1,655,016	\$ 1,573,867
Other taxes (Utility & Insurance premium-taxes)	1,134,632	1,143,927
License and permits	1,690,502	1,607,881
Intergovernmental grants	278,076	496,534
Charges for services	435,672	425,251
Investment income/finances and penalties	44,212	29,800
Other	56,037	48,336
Total Revenue	<u>5,294,147</u>	<u>5,325,596</u>
Expenses:		
Administration	929,154	938,976
Police department	1,523,226	1,430,134
Public works	814,410	744,130
Road/infrastructure & maintenance	104,552	478,743
Fire department-allotment	924,279	888,730
Parks and recreation/ community development	83,020	65,482
Capital outlay	34,259	160,484
Special projects & appropriations	182,613	242,158
Debt service and bond cost	316,184	293,657
Total Expense	<u>4,911,697</u>	<u>5,242,494</u>
Other Financing Sources (Uses)	<u>518,092</u>	<u>48,450</u>
Excess (deficit) of revenues over (under) expenditures	<u>\$ 900,542</u>	<u>\$ 131,552</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City is experiencing growth in revenues. The General Fund budget has anticipated growth in most revenue sources and the expenditures for the General Fund includes increases in operating and administrative expenses. In addition, the budget for infrastructure projects includes the Fairfield Avenue Streetscape Project as the City continues to annually invest in its infrastructure, the Hillside Slippage repair project, and the Lincoln Avenue replacement project. The City does have adequate contingency funds to address any non-catastrophic unforeseen conditions and events. The fiscal year 2021 budget provides adequate resources for the continuation of services and programs at the present levels.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the City Clerk's Office at Poplar & Van Voast, Bellevue, Kentucky, 41073.



**CITY OF BELLEVUE, KENTUCKY**  
**Statement of Net Position**  
**June 30, 2020**

<b>Assets</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Current Assets</b>			
Cash and cash equivalents	\$ 2,687,058	\$ 368,416	\$ 3,055,474
Accounts receivable			
Taxes - current	359,525	-	359,525
Taxes - delinquent	29,771	-	29,771
Other	284,752	21,119	305,871
Intergovernmental - other	34,796	-	34,796
Intergovernmental - federal thru state	421,261	-	421,261
Special Assessment	45,000	-	45,000
<b>Total Current Assets</b>	<b>3,862,163</b>	<b>389,535</b>	<b>4,251,698</b>
<b>Noncurrent Assets</b>			
Cash in escrow - KLC	20,209	-	20,209
Capital assets	10,171,755	7,053,550	17,225,305
Less: accumulated depreciation	(2,607,268)	(733,312)	(3,340,580)
Total capital assets, net of depreciation	7,564,487	6,320,238	13,884,725
<b>Total Noncurrent Assets</b>	<b>7,584,696</b>	<b>6,320,238</b>	<b>13,904,934</b>
<b>Total Assets</b>	<b>11,446,859</b>	<b>6,709,773</b>	<b>18,156,632</b>
<b>Deferred Outflow of Resources</b>			
Outflows related to pension and OPEB	1,420,988	-	1,420,988
Deferred loss on defeasance of bonds	136,520	127,832	264,352
<b>Total Deferred Outflow of Resources</b>	<b>1,557,508</b>	<b>127,832</b>	<b>1,685,340</b>
<b>Total Assets and Deferred Outflow of Resources</b>	<b>13,004,367</b>	<b>6,837,605</b>	<b>19,841,972</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	76,774	1,513	78,287
Accrued payroll and related expenses	115,177	-	115,177
Current portion of bond obligations	2,598,843	134,313	2,733,156
Current portion of capital lease obligations	60,725	-	60,725
Interest payable	50,303	6,664	56,967
<b>Total Current Liabilities</b>	<b>2,901,822</b>	<b>142,490</b>	<b>3,044,312</b>
<b>Noncurrent Liabilities</b>			
Noncurrent portion of bond obligations, net of costs	2,604,507	2,248,137	4,852,644
Noncurrent portion of capital lease obligations	222,391	-	222,391
Compensated absences	162,251	-	162,251
Investment in joint venture	1,911,944	-	1,911,944
Net pension and OPEB liability	5,668,860	-	5,668,860
<b>Total Noncurrent Liabilities</b>	<b>10,569,953</b>	<b>2,248,137</b>	<b>12,818,090</b>
<b>Total Liabilities</b>	<b>13,471,775</b>	<b>2,390,627</b>	<b>15,862,402</b>
<b>Deferred Inflow of Resources</b>			
Inflows related to pensions and OPEB	679,484	-	679,484
<b>Total Liabilities and Deferred Inflow of Resources</b>	<b>14,151,259</b>	<b>2,390,627</b>	<b>16,541,886</b>
<b>Net Position</b>			
Net investment in capital assets	2,234,750	4,065,620	6,300,370
Restricted for:			
Debt service - (deficit)	(50,109)	-	(50,109)
Capital projects	87,227	-	87,227
Special revenue projects	406,580	-	406,580
Community development	-	381,358	381,358
Unrestricted	(3,825,340)	-	(3,825,340)
<b>Total Net Position</b>	<b>\$ (1,146,892)</b>	<b>\$ 4,446,978</b>	<b>\$ 3,300,086</b>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
<b>Governmental Activities</b>							
Administration/Legislative	\$ 1,022,561	\$ -	\$ -	\$ -	\$ (1,022,561)		\$ (1,022,561)
Police department	1,905,797	-	482,408	-	(1,423,389)		(1,423,389)
Public works	953,058	435,672	-	-	(517,386)		(517,386)
Fire department	1,487,172	-	-	-	(1,487,172)		(1,487,172)
Parks and recreation	92,980	-	6,000	-	(86,980)		(86,980)
Special appropriations	182,613	-	69,549	-	(113,064)		(113,064)
Interest on long-term debt	158,204	-	-	-	(158,204)		(158,204)
Road maintenance	104,552	-	135,163	-	30,611		30,611
<b>Total Governmental Activities</b>	<b>5,906,937</b>	<b>435,672</b>	<b>693,120</b>	<b>-</b>	<b>(4,778,145)</b>		<b>(4,778,145)</b>
<b>Business-Type Activities</b>							
Port Bellevue Rental	139,658	209,216	-	1,600,000		1,669,558	1,669,558
Bellevue URCD	16,285	-	-	-		(16,285)	(16,285)
<b>Total Business-Type Activities</b>	<b>155,943</b>	<b>209,216</b>	<b>-</b>	<b>1,600,000</b>		<b>1,653,273</b>	<b>1,653,273</b>
<b>Total Primary Government</b>	<b>\$ 6,062,880</b>	<b>\$ 644,888</b>	<b>\$ 693,120</b>	<b>\$ 1,600,000</b>		<b>1,653,273</b>	<b>(3,124,872)</b>
		<b>General Revenues</b>					
		Taxes					
					1,526,240	-	1,526,240
					121,243	-	121,243
					194,395	-	194,395
					940,237	-	940,237
					1,690,502	-	1,690,502
					33,553	-	33,553
					10,659	5,702	16,361
					4,988	-	4,988
					56,037	-	56,037
					80,000	(80,000)	-
					<b>4,657,854</b>	<b>(74,298)</b>	<b>4,583,556</b>
					<b>Change in Net Position</b>		
					(120,291)	1,578,975	1,458,684
					<b>Net Position, Beginning of Year</b>		
					(1,026,601)	2,868,003	1,841,402
					<b>Net Position, End of Year</b>		
					<b>\$ (1,146,892)</b>	<b>\$ 4,446,978</b>	<b>\$ 3,300,086</b>

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

<b>CITY OF BELLEVUE, KENTUCKY</b> <b>BALANCE SHEET - GOVERNMENTAL FUNDS</b> <b>June 30, 2020</b>
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	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 2,201,973	\$ 396,731	\$ 88,354	\$ 2,687,058
Receivables				
Taxes - current	359,525	-	-	359,525
Taxes - delinquent	27,948	-	-	27,948
Other licenses and fees	284,752	-	-	284,752
Intergovernmental	428,151	27,906	-	456,057
Special assessment	45,000	-	-	45,000
Cash in escrow - KLC	20,209	-	-	20,209
<b>Total assets</b>	<b>\$ 3,367,558</b>	<b>\$ 424,637</b>	<b>\$ 88,354</b>	<b>\$ 3,880,549</b>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 57,784	\$ 18,057	\$ 933	\$ 76,774
Accrued payroll and related expenses	115,177	-	-	115,177
Interest payable	-	-	50,303	50,303
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>172,961</b>	<b>18,057</b>	<b>51,236</b>	<b>242,254</b>
<b>Fund balances</b>				
Assigned for:				
Capital projects funds	-	-	87,227	87,227
Special revenue funds	-	406,580	-	406,580
Debt service fund (deficit)	-	-	(50,109)	(50,109)
Sick leave reserve	162,251	-	-	162,251
Unassigned:	3,032,346	-	-	3,032,346
<b>Total fund balances</b>	<b>3,194,597</b>	<b>406,580</b>	<b>37,118</b>	<b>3,638,295</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,367,558</b>	<b>\$ 424,637</b>	<b>\$ 88,354</b>	<b>\$ 3,880,549</b>

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

<p><b>CITY OF BELLEVUE, KENTUCKY</b>  <b>RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS</b>  <b>TO THE STATEMENT OF NET POSITION</b>  <b>June 30, 2020</b></p>
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Total fund balance per fund financial statements	\$ 3,638,295
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p>	
<p>Capital assets are not reported in this fund's financial statement because they are not current financial resources, but they are reported in the statement of net position.</p>	7,564,487
<p>Investments in a joint venture in not reported in the funds, but are reported in the statement of net position.</p>	(1,911,944)
<p>Property tax to collect</p>	1,823
<p>Deferred losses on the defeasance of bonds are not included in the funds, but are recorded in the statement of net position.</p>	136,520
<p>Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, not reportable in the funds</p>	
Deferred outflow of resources - pensions	968,718
Deferred outflow of resources - OPEB	452,270
Deferred inflow of resources - pensions	(276,517)
Deferred inflow of resources - OPEB	(402,967)
<p>Certain liabilities are not reported in the fund's financial statement because they are not due and payable, but they are presented in the statement of net position.</p>	
Bond obligations, net of costs	(5,203,350)
Capital lease obligations - fire department	(250,343)
Capital lease obligations	(32,773)
Compensated absences	(162,251)
Net unfunded pension liability	(4,509,021)
Net unfunded OPEB liability	(1,159,839)
Net position for governmental activities	<u>\$ (1,146,892)</u>

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

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

<b>Revenues</b>	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
From local sources				
Taxes:				
Property	\$ 1,533,773	\$ -	\$ -	\$ 1,533,773
Motor vehicle	121,243	-	-	121,243
Utilities	194,395	-	-	194,395
Insurance premium tax	940,237	-	-	940,237
License, permits and fees:				
Payroll	1,429,667	-	-	1,429,667
Other	260,835	-	-	260,835
Fines and penalties	33,553	-	-	33,553
Earnings on investments	8,404	1,575	680	10,659
Charges for services	435,672	-	-	435,672
Other local revenues	40,613	15,424	-	56,037
Intergovernmental - local	59,162	6,000	-	65,162
Intergovernmental - state	77,484	135,163	-	212,647
Intergovernmental - federal indirect	267	-	-	267
<b>Total revenues</b>	<b>5,135,305</b>	<b>158,162</b>	<b>680</b>	<b>5,294,147</b>
<b>Expenditures</b>				
Administrative/legislature	919,004	-	10,150	929,154
Police department	1,511,005	3,797	8,424	1,523,226
Public works	766,717	-	47,693	814,410
Fire department	924,279	-	-	924,279
Community service/parks and recreation	-	83,020	-	83,020
Special appropriations	182,613	-	-	182,613
Capital outlay:				
Police department	-	8,000	26,259	34,259
Public works	-	-	-	-
Road maintenance	48,735	55,817	-	104,552
Debt service and capital lease	-	-	316,184	316,184
<b>Total expenditures</b>	<b>4,352,353</b>	<b>150,634</b>	<b>408,710</b>	<b>4,911,697</b>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<b>782,952</b>	<b>7,528</b>	<b>(408,030)</b>	<b>382,450</b>

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

(Continued on next page)

<b>CITY OF BELLEVUE, KENTUCKY</b> <b>STATEMENT OF REVENUES, EXPENDITURES AND</b> <b>CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)</b> <b>For the Year Ended June 30, 2020</b>
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	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
(From previous page)				
<b>Excess (deficit) of revenues over (under) expenditures</b>	<u>\$ 782,952</u>	<u>\$ 7,528</u>	<u>\$ (408,030)</u>	<u>\$ 382,450</u>
<b>Other financing sources (uses)</b>				
Gain from sale of assets	-	-	5,000	5,000
Proceeds from borrowings	-	-	18,048	18,048
CARES Act	415,044	-	-	415,044
Operating transfers in	-	120,326	507,489	627,815
Operating transfers (out)	<u>(477,786)</u>	<u>-</u>	<u>(70,029)</u>	<u>(547,815)</u>
<b>Total other financing sources (uses)</b>	<u>(62,742)</u>	<u>120,326</u>	<u>460,508</u>	<u>518,092</u>
<b>Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses</b>	720,210	127,854	52,478	900,542
<b>Fund balances, beginning of year</b>	<u>2,474,387</u>	<u>278,726</u>	<u>(15,360)</u>	<u>2,737,753</u>
<b>Fund balances, end of year</b>	<u><u>\$ 3,194,597</u></u>	<u><u>\$ 406,580</u></u>	<u><u>\$ 37,118</u></u>	<u><u>\$ 3,638,295</u></u>

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

<p><b>CITY OF BELLEVUE, KENTUCKY</b>  <b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND</b>  <b>CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE</b>  <b>STATEMENT OF ACTIVITIES</b>  <b>For the Year Ended June 30, 2020</b></p>
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Net change in fund balances-total governmental funds	\$ 900,542
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense:</p>	
Capital asset purchases capitalized	34,259
Depreciation expense	(191,523)
Loss on disposal of fixed assets	(12)
Amount of deferred loss on defeasance of bonds	(10,501)
<p>The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which new borrowings of (\$18,048) were less than repayments of \$168,481.</p>	
	150,433
Liability increase for compensated absences payable	(1,028)
Transfer in - Proprietary funds	(80,000)
<p>The changes to the City's Joint Venture in the Bellevue-Dayton Fire Department are not recognized in the funds, but are recorded as decreases (increases) in expenditures in the statement of activities</p>	
	(562,893)
<p>Governmental funds report City pension contributions as expenditures, however, in the statement of activities, the cost of pension benefits earned net of employer contributions is reported as pension expense</p>	
Cost of benefits earned - pensions	(386,103)
Cost of benefits earned - OPEB	(45,932)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. This year's amount is \$1,823 and last year's amount was (\$9,356).</p>	
	<u>(7,533)</u>
Change in net position of governmental activities	<u>\$ (200,291)</u>

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

<b>CITY OF BELLEVUE, KENTUCKY</b> <b>Statement of Net Position - Proprietary Funds</b> <b>June 30, 2020</b>
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**Assets**

Current assets	
Cash and cash equivalents	\$ 368,416
Accounts receivable	21,119
Total current assets	<u>389,535</u>
Noncurrent assets	
Capital assets	5,453,550
Capital asset held for sale	1,600,000
Less: accumulated depreciation	<u>(733,312)</u>
Total noncurrent assets	<u>6,320,238</u>

**Total assets** 6,709,773

**Deferred outflow of resources**

Deferred loss on defeasance of bonds	<u>127,832</u>
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**Total assets and deferred outflow of resources** 6,837,605

**Liabilities**

Current liabilities	
Accounts payable	1,513
Current portion of long term obligation	134,313
Accrued interest payable	<u>6,664</u>
Total current liabilities	142,490
Noncurrent liabilities	
Noncurrent portion of bond obligations	<u>2,248,137</u>

**Total liabilities** 2,390,627

**Net position**

Net investment in capital assets	4,065,620
Unrestricted	<u>381,358</u>

**Total net position** \$ 4,446,978

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



**CITY OF BELLEVUE, KENTUCKY****Statement of Revenues, Expenses, and Changes in Net Position -****Proprietary Funds****For the Year Ended June 30, 2020**

<b>Operating revenue</b>	
Rental income	\$ 209,216
<b>Total operating revenue</b>	<u>209,216</u>
<b>Operating expenses</b>	
Utilities	6,771
Repairs and maintenance	255
Depreciation	40,131
Economic development cost	16,200
Other fees	85
<b>Total operating expenses</b>	<u>63,442</u>
<b>Operating income</b>	<u>145,774</u>
<b>Non-operating revenues (expenses)</b>	
Interest income	5,702
Interest expense	(92,501)
Capital contribution	1,600,000
Transfers out	(80,000)
<b>Total non-operating revenues (expenses)</b>	<u>1,433,201</u>
<b>Net income</b>	1,578,975
<b>Net position, beginning of year</b>	<u>2,868,003</u>
<b>Net position, end of year</b>	<u><u>\$ 4,446,978</u></u>

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

<b>CITY OF BELLEVUE, KENTUCKY</b> <b>Statement of Cash Flows - Proprietary Funds</b> <b>For the Year Ended June 30, 2020</b>
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**Cash flows from operating activities**

Cash received from	
Revenue from rent	\$ 207,823
Cash paid to/for	
Utilities	(5,548)
Repair and maintenance	(255)
Economic development projects	(16,200)
Other fees	(85)

**Net change in cash from operating activities** 185,735

**Cash flows from non-capital financing activities**

Transfer out	(80,000)
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**Net change in cash from non-capital financing activities** (80,000)

**Cash flows from capital and related financing activities**

Interest paid	(92,500)
Principle paid on bonds	(124,292)

**Net change in cash from capital and related financing activities** (216,792)

**Cash flows from investing activities**

Interest income	5,701
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**Net change in cash from investing activities** 5,701

**Change in cash and cash equivalents** (105,356)

**Cash and cash equivalents, beginning of year** 473,773

**Cash and cash equivalents, end of year** \$ 368,417

**Reconciliation of operating income to net cash provided by operating activities**

Operating income \$ 145,774

*Adjustments to reconcile operating income to net cash provided by operating activities*

Depreciation 40,131

Change in assets and liabilities

    Account receivable (1,393)

    Accounts payable 1,223

**Net change in cash from operating activities** \$ 185,735

**Schedule of non-cash transactions**

Depreciation \$ 40,131

Amortization of loss on bond defeasance 10,325

Capital contribution - building 1,600,000

Transfer out - real estate to fixed assets 50,456

\$ 1,700,912

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

<b>CITY OF BELLEVUE, KENTUCKY</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2020</b>
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## **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Bellevue, Kentucky, have been prepared in conformity with generally accepted principles (GAAP) as applied to government units. The Government 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 Financial Entity

The financial statements of the City of Bellevue, Kentucky include the funds, account groups and agencies over which the Mayor and Council, a seven member group, exercise significant oversight responsibility. Oversight responsibility, as defined by Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, was determined on the basis of the Government's ability to significantly influence operations, select the governing authority, and participates in fiscal management and the scope of public services. Based upon this criterion the Government's reporting entity includes those agencies and departments over which the Mayor and Council have specific statutory authority. The entities which have been included in the financial statements of the Governments are as follows:

- (a) The Bellevue Urban Renewal and Community Development Agency was instrumentality created primarily to provide for the financing and acquisition of land related to the City's riverfront development projects.
- (b) The City of Bellevue, Urban Renewal and Community Development Agency Public Properties Corporation was created to provide financing for the Bellevue Urban Renewal and Community Development Agency.
- (c) The Fire Department of Bellevue and Dayton is a not for profit organization that is a joint venture between the City of Bellevue, Kentucky and the City of Dayton, Kentucky. Details on this venture can be found in Note D below.

Certain entities which have been excluded from the Government's financial statements in accordance with "Codification" criteria are as follows:

- (a) The Bellevue (Board of Education) School District is a separate and distinct organization operating under State legislation, whose Board members are elected by the public. The District's Board and management are totally independent of the City. The City has no financial involvement with the District.
- (b) The financial statements presented herein, do not include funds of groups or organizations, which although associated with the City, have not originated within the Council itself such as the Bellevue Civic Association, the Bellevue-Dayton Volunteer Firemen's Association, etc.

### Basis of Accounting

The City's financial statements are presented on the modified accrual basis in accordance with accounting principles generally accepted in the United States of America.

**CITY OF BELLEVUE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

Basis of Presentation

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those clearly identifiable to a particular function or segment. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The City has no fiduciary type funds.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in total assets. Proprietary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

The City has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the main operating fund of the City. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the City.
- (B) The Special Revenue Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are restricted to disbursements for specified purposes. This is a major fund of the City.

**CITY OF BELLEVUE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

(C) Capital Project Funds are used to account for financial resources to be used primarily for the acquisition for construction of major capital facilities and equipment (other than those financed by Proprietary Fund).

1. The Capital Improvements Fund receives certain funds designated by the city and is restricted for use primarily in financing specific expenditures and in purchasing equipment for the City.
2. The Federal Grant Capital Project Fund account for federal grant construction funding and local matching funds to construct and completed infrastructure projects. This is a non-major fund of the City.

(D) The Debt Service Funds are used to account for the accumulation of resources for, and the payments of, general long-term debt principle and interest and related cost; and for the payment of interest on general obligation notes payable, as required by Kentucky Law. This is a non-major fund of the City.

II. Proprietary Fund Type (Enterprise Fund)

The Proprietary Fund is used to account for Port Bellevue rental properties and Bellevue URCD Agencies activities. The Proprietary fund is a major fund.

The City applies all GASB pronouncements to proprietary funds as well as the Financial Accounting Standards Board pronouncements unless those pronouncements conflict with or contradict GASB pronouncements.

III. Fiduciary Fund type (Agency and Private Purpose Trust Funds)

A. The City has no fiduciary fund types.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty day of the fiscal year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resource are required to be used or the fiscal year when use is first permitted, matching requirements, in which the

**CITY OF BELLEVUE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenues from non-exchange transactions must also be available before it can be recognized.

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met and recorded as deferred revenue.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

#### Property Tax Revenues

Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the City. The billings are considered due upon receipt by the taxpayer and become delinquent on December 1. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are deposited into the General Fund. The 2019 property tax rates assessed for the year ended June 30, 2020, to finance the General Fund operations were \$0.365 per \$100 valuation for real property, and \$0.532 per \$100 valuation for business personal property and \$.385 per \$100 valuation for motor vehicles. Vehicle tax is collected by the County Clerk of Campbell County and are due and collected in the birth month of the vehicles' licensee.

#### Other Taxes

The City levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within City's boundaries, of electric power and natural gas. Also, the City levies an insurance premium license tax of 10% on insurance premiums. The tax is collected by the insurance companies doing business within the City.

#### Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of one thousand dollars with the exception of real property for which there is no threshold. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Prior to July 1, 2003, governmental fund infrastructure assets were not capitalized.

<p><b>CITY OF BELLEVUE, KENTUCKY</b>  <b>NOTES TO FINANCIAL STATEMENTS</b>  <b>JUNE 30, 2020</b></p>
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All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Vehicles	5 years
General Equipment	5-15 years

Inter-fund Balances

On fund financial statements, receivables and payables resulting from short-term inter-fund loans are classified as “inter-fund receivables/payable”. These amounts are eliminated in the governmental and business-type activities column of the statements of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the City, an eligible employee with over 27 years of service for non-hazardous or 20 years for hazardous employment will receive retirement credit for the amount of work hours equal to accumulated sick leave hours up to 960 hours. The Kentucky County Employee Retirement System will calculate the credit at the time of an employee’s retirement. At June 30, 2020, the total sick leave payable is \$162,251 and is accounted for as long-term debt.

Budgetary Process

**Budgetary Basis of Accounting:** The City’s budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the Council at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the City, and are not made after fiscal year-end dictated by law. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

Cash and Cash Equivalents

The City considers demand deposits, money market funds, and other investments with an original maturity of 90 days or less, to be cash equivalents.

<b>CITY OF BELLEVUE, KENTUCKY</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2020</b>
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### Accrued Liabilities and Long-Term Obligations

All payables accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current portion of capital leases, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

### Fund Balance Classification

The Government fund financial statements present fund balances based on classification that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The classifications used in the governmental fund financial statements are as follows:

Non-spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City did not have any Non-spendable resources at June 30, 2020.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislature. The City has classified sick leave, KSFCC escrow, capital projects and debt service resources as being restricted.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the board. These amounts cannot be used for any other purpose unless the board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for the use in satisfying those contractual requirements. The City did not have any committed resources as of June 30, 2020.

Assigned: This classification includes the amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Council or through the Council delegating this responsibility to the City manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The City had assigned resources as of June 30, 2020 for Debt Service, Capital Projects, Special Revenue Projects, and Community Development.



**CITY OF BELLEVUE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balances of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts. The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, those revenues are primarily from rental leases at the Port Bellevue Project.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from contributions of fixed assets, or from grants or contributions of resources restricted to capital acquisition and construction.

Inter-fund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employee Retirement System (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis of as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits

For purposes of measuring the net other post-employment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employee Retirement System (CERS) and additions to/deductions

<p><b>CITY OF BELLEVUE, KENTUCKY</b>  <b>NOTES TO FINANCIAL STATEMENTS</b>  <b>JUNE 30, 2020</b></p>
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from CERS' fiduciary net position has been determined on the same basis of as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation of the current year financial statements.

**NOTE B – ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the City's management to make estimates and assumptions that affect reported amounts of assets, liabilities, fund balances, and disclosure of contingent assets and liabilities at the date of the general purpose financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE C – CASH AND CASH EQUIVALENTS**

At year-end the carrying amount of the City's total cash and cash equivalents was \$3,055,474; which was covered by Federal Depository insurance and/or covered by collateral agreements and collateral held by the pledging banks' trust departments in the City's name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

Cash and cash equivalents at June 30, 2020 consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
Cash and cash equivalents	<u>\$ 3,043,650</u>	<u>\$ 3,055,474</u>
Breakdown per financial statements:		
Governmental funds		\$ 2,687,058
Proprietary funds		<u>368,416</u>
Total		<u>\$ 3,055,474</u>

**NOTE D – INVESTMENT IN JOINT VENTURE**

The City, along with the City of Dayton, Kentucky, own equal shares in a joint venture limited liability corporation, the Fire Department of Bellevue and Dayton (FDBD) Each City annually records, as an investment in joint venture, 50% of the net position of FDBD on its Statement of Net Position, and an adjustment for the amount of change is recognized in the Statement of Activities. The total investment in the joint venture at June 30, 2020 was a liability of (\$1,911,944). This liability increased \$562,893 from the previous year.

The City had no other investments at June 30, 2020.

**CITY OF BELLEVUE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE E – CAPITAL ASSETS**

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

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
<u>Governmental Activities</u>				
Land	\$ 3,847,424	\$ -	\$ -	\$ 3,847,424
Land improvements	396,090	-	-	396,090
Building and improvements	1,128,044	-	-	1,128,044
Playground equipment	115,891	-	-	115,891
Furniture and equipment	413,149	-	(18,036)	395,113
Vehicles and machinery	633,735	34,259	(60,005)	607,989
Harbor Green/Infrastructure	2,555,750	-	-	2,555,750
Streetscape/Infrastructure	697,540	-	-	697,540
Pedestrian bridge/Infrastructure	427,914	-	-	427,914
Construction in progress	-	-	-	-
Totals at historical cost	<u>10,215,537</u>	<u>34,259</u>	<u>(78,041)</u>	<u>10,171,755</u>
Less accumulated depreciation				
Land improvements - parks	(186,345)	(9,960)	-	(196,305)
Building and improvements	(519,696)	(22,299)	-	(541,995)
Playground equipment	(115,891)	-	-	(115,891)
Furniture and equipment	(284,044)	(32,773)	18,024	(298,793)
Vehicles and machinery	(487,166)	(52,666)	60,005	(479,827)
Infrastructure	(900,632)	(73,825)	-	(974,457)
Total accumulated depreciation	<u>(2,493,774)</u>	<u>(191,523)</u>	<u>78,029</u>	<u>(2,607,268)</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 7,721,763</u>	<u>\$ (157,264)</u>	<u>\$ (12)</u>	<u>\$ 7,564,487</u>
<u>Business Type Activities</u>				
Land and land improvements				
Total at historical cost	\$ 5,453,550	\$ 1,600,000	\$ -	\$ 7,053,550
Less accumulated depreciation	<u>(693,181)</u>	<u>(40,131)</u>	<u>-</u>	<u>(733,312)</u>
Business Type Activities				
Capital Assets - Net	<u>\$ 4,760,369</u>	<u>\$ 1,559,869</u>	<u>\$ -</u>	<u>\$ 6,320,238</u>

Depreciation was charged to functions as follows:

<u>Governmental Activities</u>	
Administration	\$ 12,973
Police Department	65,126
Public Works & Infrastructure	103,464
Parks & Recreation	9,960
Total governmental activities depreciation expense	<u>\$ 191,523</u>

<b>CITY OF BELLEVUE, KENTUCKY</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2020</b>
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**NOTE F – CAPITAL LEASE PAYABLE**

On March 31, 2017, the Cities of Bellevue and Dayton, Kentucky jointly entered into a tax-exempt lease/purchase agreement with US Bancorp to purchase a fire truck for \$685,973 for the Fire Department of Bellevue and Dayton (FDBD). This truck was financed by the Cities and donated, as a capital contribution to the Cities investment in a joint venture, to the FDBD, upon delivery. Each City recognized one half of this investment asset, in their "Investment in a Joint Venture" account, and also recognized an offsetting amount in their respective capital lease payable accounts on the Statements of Net Position. The following is an analysis of the leased property under capital lease by class:

<u>Classes of Property</u>	<u>Book value as of June 30, 2020</u>
Vehicles and equipment	\$ 61,574
FDBD fire truck	250,343
	<u>\$ 311,917</u>

The following is a schedule by years of the future minimum lease payments under capital lease together with the present value of the net minimum lease payments as of June 30, 2020:

<u>Year Ending June 30,</u>	<u>Capital Lease Payable</u>
2021	\$ 68,964
2022	44,924
2023	40,106
2024	40,106
2025	40,106
2026-2027	80,212
Total minimum lease payments	314,418
Less: Amount representing interest	(31,302)
Present Value of Net Minimum Lease Payments	<u>\$ 283,116</u>

**NOTE G – LONG TERM DEBT**

The City has three general obligation public project bond issues outstanding at June 30, 2020, the Series 2012 for the Harbor Greene Project and the Refunding Series 2014 and 2011A for the Port Bellevue Project. These bonds are required to be fully paid within 20 years from the date of issue and are backed by the full faith and credit of the City.

The original 2004 Harbor Greene Project bonds were issued to provide infrastructure improvements at the development and are to be repaid by future additional property tax revenue that will be generated from the project. Payments are guaranteed by the developer. The bonds are carried as general long-term debt used in governmental fund operations. The bonds were refunded and defeased by the Series 2012 Refunding Bonds, as detailed below.

<b>CITY OF BELLEVUE, KENTUCKY</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2020</b>
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Series 2011 and 2014 Refunding Bonds

The original 2002 A/B Port Bellevue Project bonds were for the purchase of land and improvements at the project. The land and land improvements are leased to two restaurant tenants of the project and are used to be repaid primarily from rent revenue generated from the leases. The bonds are carried as long-term debt used in proprietary fund operations/business type activities. The Series 2002B bonds were refunded and defeased by the Series 2011 Refunding Bonds issued in December 2011. The Series 2002A bonds were refunded and defeased by the Series 2014 Refunding Bonds issued in May 2014.

Series 2012 Refunding Bonds

On September 20, 2012, the City issued \$3,220,000 in Series 2012 General Obligation Refunding Bonds and defeased, in-substance, the remaining portion of the Series 2004 general obligation bonds. Proceeds of the 2012 Refunding Bonds were placed in an irrevocable trust to provide for all future debt service payments on the 2004 bonds. Accordingly, the trust's assets and the liability for the defeased bonds are not included on the City's financial statements. At June 30, 2013, the 2004 bonds had a principal balance of \$2,920,000 and are considered defeased. The 2012 Refunding Bonds have a maturity of 20 years and a net interest cost of 2.5%. As part of the refunding, the City incurred costs for bond issuance (\$42,271) which was expensed in fiscal year 2013 per GASB 65. The City also incurred costs related to the issuance of the bond for bond discount (\$37,196) and a loss on defeasement (\$220,533). These costs will be amortized over the 20-year life of the bond, which is the same as the remaining life of the defeased bond. The total net savings to the City due to this refunding will be approximately \$321,100.

Series 2017 and 2019 Bond Anticipation Note

On February 10, 2017, the City issued \$2,500,000 in Series 2017 General Obligation Bond Anticipation Notes, the proceeds were used to purchase land on the City's riverfront. The original Bond Anticipation Note matured on March 1, 2019, interest is payable semi-annually at 1.81%. The note was renewed for an additional two years maturing on March 1, 2021, interest is payable semi-annually at a rate of 2.79%.

Fiscal Year	Governmental Activities 2019 Bond Anticipation Note	
	Principal	Rate
2021	\$ 2,500,000	2.79%
Total	\$ 2,500,000	

The following summarizes the original amount of each issue, the issue date and interest rates:

Issue Date	Original Amount	Rates
Refunding Series 2011	2,435,000	1.00 to 3.625%
Refunding Series 2012	3,220,000	1.4% to 2.800 %
Refunding Series 2014	835,000	4.00%
Series 2017	2,500,000	1.81%

The City is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds. The bonds may be called prior to maturity and redemption premiums are specified in the issue.

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Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the City, at June 30, 2020 for debt services (principal and interest) are as follows:

Fiscal Year	Harbor Green Governmental Activities Public Project Bonds		Port Bellevue Business Type Activities Public Project Bonds	
	Principal	Interest	Principal	Interest
	2021	2,600,000	134,675	135,000
2022	130,000	63,525	145,000	74,119
2023	130,000	61,705	155,000	69,769
2024	145,000	59,105	165,000	64,981
2025	155,000	56,205	170,000	59,812
2026-2030	990,000	223,384	950,000	208,707
2031-2034	1,085,000	77,851	670,000	37,878
Totals	<u>\$ 5,235,000</u>	<u>\$ 676,450</u>	<u>\$ 2,390,000</u>	<u>\$ 593,366</u>

A summary of the City's long-term bond debt at June 30, 2020 is as follows:

Description	Balance June 30, 2019	Issued	Paid	Balance June 30, 2020	Due Within One Year
Governmental Activities					
Bonds Payable:					
Series 2012 REF	\$ 2,845,000	\$ -	\$ (110,000)	\$ 2,735,000	\$ 100,000
Series 2017 and 2019	2,500,000	-	-	2,500,000	2,500,000
2012 Bond Discount	(32,850)	-	1,200	(31,650)	(1,157)
Total Governmental Activities	<u>\$ 5,312,150</u>	<u>\$ -</u>	<u>\$ (108,800)</u>	<u>\$ 5,203,350</u>	<u>\$ 2,598,843</u>
Business Type Activities					
Bonds Payable:					
Series 2011 REF	\$ 1,855,000	\$ -	\$ (100,000)	\$ 1,755,000	\$ 95,000
Series 2014 REF	670,000	-	(35,000)	635,000	40,000
2014 REF Premium	9,685	-	(692)	8,993	692
2011 REF Discount	(17,921)	-	1,378	(16,543)	(1,379)
Total Business Activities	<u>\$ 2,516,764</u>	<u>\$ -</u>	<u>\$ (134,314)</u>	<u>\$ 2,382,450</u>	<u>\$ 134,313</u>

**NOTE H – COMMITMENTS UNDER NONCAPITALIZED LEASES**

The City had no commitments under operating lease agreements as of June 30, 2020.

**NOTE I – COUNTY EMPLOYEES' RETIREMENT SYSTEM**

*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 Statute ("KRS") Section 61.645, the Board of Trustees of the Kentucky Retirement administers CERS and has the authority to

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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 both Non-Hazardous and Hazardous employees.

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

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

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retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent's monthly final rate or pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

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

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

**Hazardous Pension Plan Description**

*Benefits Provided* – CERS provides retirement, health insurance, death and disability benefits to 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 Unreduced retirement  Reduced retirement	Before September 1, 2008 At least one month of hazardous duty service credit and 55 years old, or any age with 20 years of service. 15 years service and 50 years old
Tier 2	Participation date Unreduced retirement  Reduced retirement	September 1, 2008 - December 31, 2013 At least 5 years of hazardous duty service credit and 60 years old or any age with 25 years of service. 15 years service and 50 years old
Tier 3	Participation date Unreduced retirement  Reduced retirement	On or after January 1, 2014 At least 5 years of hazardous duty service credit and 60 years old or 25 or more years of service, with no age requirement 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 or service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent's monthly final rate or pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.



<b>CITY OF BELLEVUE, KENTUCKY</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2020</b>
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*Contributions* – Required pension plan contributions by the employee are based on the tier:

	<u>Required Contribution</u>
Tier 1	8%
Tier 2	8%
Tier 3	8%

**Contributions**

For non-hazardous duty employees, the City contributed 24.06% of which 19.30% was for the pension fund and 4.76% was for the health insurance fund, of the non-hazardous duty covered-employee’s compensation during the fiscal year ended June 30, 2020.

For hazardous duty employees, the City contributed 39.58% of which 30.06% was for the pension fund and 9.52% was for the health insurance fund, of the hazardous duty covered-employee’s compensation during the fiscal year ended June 30, 2020.

The City made all required contributions for the non-hazardous Plan obligation for the fiscal year in the amount of \$154,994, of which \$124,330 was for the pension fund and \$30,664 was for the health insurance fund.

The City made all required contributions for the hazardous Plan obligation for the fiscal year in the amount of \$246,835, of which \$187,465 was for the pension fund and \$59,370 was for the health insurance fund

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

At June 30, 2020, the City reported a liability of \$4,509,021 as its proportionate share of the net pension liability (\$1,659,658 for the non-hazardous plan and \$2,849,363 for the hazardous duty plan) The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the City's non-hazardous employer allocation proportion was 0.02360% of the total CERS non-hazardous duty employees and the hazardous employer allocation proportion was 0.103152% of the total CERS hazardous duty employees. For the year ended June 30, 2020, the City recognized pension expense of \$386,103 in addition to its \$311,795 pension contribution.

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

	Non-Hazardous		Hazardous		Total	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 42,376	\$ (7,012)	\$ 121,063	\$ -	\$ 163,439	\$ (7,012)
Net difference between projected actual earnings on plan investments	-	(26,754)	-	(40,326)	-	(67,080)
Changes of assumptions	167,976	-	276,585	-	444,561	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	(59,707)	48,922	(142,718)	48,923	(202,425)
Contributions subsequent to the measurement date	124,330	-	187,465	-	311,795	-
	<u>\$ 334,682</u>	<u>\$ (93,473)</u>	<u>\$ 634,035</u>	<u>\$ (183,044)</u>	<u>\$ 968,718</u>	<u>\$ (276,517)</u>

The City's contributions subsequent to the measurement date of \$311,795 will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. 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
2020	\$ 232,890
2021	94,979
2022	48,069
2023	4,468
2024	-
Thereafter	-
	<u>\$ 380,406</u>

### Actuarial Assumptions

The total pension liability as of June 30, 2020 is based on an actuarial valuation date of June 30, 2018, rolled forward to June 30, 2019, and determined using the following actuarial assumptions, applied to all periods included in the measurement:

Payroll growth	2.00%
Inflation	2.30%
Salary increase	3.30-3.55%, minimum, including inflation
Investment rate of return	6.25%, net of pension plan expense, including inflation

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The mortality table used for active members is Pub-2010 General Mortality table for the Non-Hazardous System and the Pub-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was Pub-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

**Changes of Assumptions**

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

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

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
Combined equity	37.5%	4.55%
Specialty credit / high yield	15.0%	2.60%
Real return (diversified inflation strategies)	15.0%	4.10%
Absolute return (diversified hedge funds)	3.0%	2.97%
Private equity	10.0%	6.65%
Real estate	5.0%	4.85%
Global bonds	13.5%	1.35%
Cash	1.0%	0.20%

**Discount Rate**

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

<b>CITY OF BELLEVUE, KENTUCKY</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2020</b>
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**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	\$ 2,075,761	\$ 1,659,658	\$ 1,312,840
Hazardous	3,562,343	2,849,363	2,264,822
Total	<u>\$ 5,638,104</u>	<u>\$ 4,509,021</u>	<u>\$ 3,577,662</u>

**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.

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*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%

**Hazardous OPEB Plan Description**

*Benefits Provided* – CERS provides retirement, health insurance, death and disability benefits to 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	\$15/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2018, the contribution was \$20.07 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	\$15/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2018, the contribution was \$20.07 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%

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### Contributions

Contribution requirements for covered employees and participating governmental entities are established and may be amended by the KRS Trustees. The contractually required contribution rate for governmental entities was 4.76% of covered-employee payroll for non-hazardous duty employees and 9.52% for 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 \$30,664 for non-hazardous duty employees and \$59,370 for hazardous duty employees for the year ended June 30, 2020.

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

At June 30, 2020, the City reported a liability of \$1,159,839 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all governmental entities, actuarially determined. At June 30, 2019, the City's proportion of the non-hazardous plan was 0.02359% and the hazardous plan was 0.103132%.

For the year ended June 30, 2020, the City recognized an OPEB expense of \$45,932. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Non-Hazardous		Hazardous		Total	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ (119,726)	\$ -	\$ (141,949)	\$ -	\$ (261,675)
Net difference between projected actual earnings on plan investments	-	(17,624)	-	(43,870)	-	(61,494)
Changes of assumptions	117,419	(785)	230,585	(1,445)	348,004	(2,230)
Changes in proportion and differences between contributions and proportionate share of contributions	-	(30,248)	14,233	(47,320)	14,233	(77,568)
Contributions subsequent to the measurement date	30,664	-	59,370	-	90,034	-
	<u>\$ 148,083</u>	<u>\$ (168,383)</u>	<u>\$ 304,188</u>	<u>\$ (234,584)</u>	<u>\$ 452,271</u>	<u>\$ (402,967)</u>

The City's contributions subsequent to the measurement date, \$90,034 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<b>CITY OF BELLEVUE, KENTUCKY</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2020</b>
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Measurement Year Ending June 30,	Net Deferral
2020	\$ 24,569
2021	(16,013)
2022	(25,849)
2023	(9,351)
2024	(11,873)
Thereafter	(2,213)
	<u>\$ (40,730)</u>

### Actuarial Assumptions

The total OPEB liability as of June 30, 2020 is based on an actuarial valuation date of June 30, 2018, rolled forward to June 30, 2019, and determined using the following actuarial assumptions, applied to all periods included in the measurement:

Payroll growth	2.00%
Inflation	2.30%
Salary increase	3.05-3.30%, minimum, including inflation
Investment rate of return	6.25%, net of pension plan expense, including inflation,
Healthcare trend rates (Pre-65):	Initial trend starting at 7.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Healthcare trend rates (Post-65):	Initial trend starting at 5.10% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.
Mortality:	
Pre-retirement	PUB-2010 General Mortality table for Non-Hazardous System, and the PUB-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

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

**CITY OF BELLEVUE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

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

**Changes of Assumptions**

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

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

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

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

**Discount Rate**

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

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

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



<b>CITY OF BELLEVUE, KENTUCKY</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2020</b>
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	Proportionate Share of Net OPEB Liability		
	1.00% Decrease	Current Rate	1.00% Increase
Discount Rate, Non-Hazardous	4.68%	5.68%	6.68%
Net OPEB liability, Non-Haz	\$ 285,781	\$ 531,558	\$ 295,107
Discount Rate, Hazardous	4.69%	5.69%	6.69%
Net OPEB liability, Haz	\$ 518,260	\$ 1,064,584	\$ 530,929
Total	\$ 804,041	\$ 1,596,142	\$ 826,036

**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-hazardous	\$ 520,130	\$ 531,558	\$ 43,521
Net OPEB liability, hazardous	1,046,185	1,064,584	118,314
Total	\$ 1,566,315	\$ 1,596,142	\$ 161,835

**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.

The City also offers employees the option to participate in a defined contribution plan under Section 403(B), 401(K) and 457 of the Internal Revenue Code. All regular full-time and certain part-time employees are eligible to participate and may contribute up to the maximum amount allowable by law. The City does not contribute to these plans.

**NOTE J – CONTINGENCIES**

The City receives funding from Federal, State and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based upon the grantor’s review, the funds are considered not to have been used for the intended purpose, the grantors may request a refund of monies advanced, or refuse to reimburse the City for its disbursements.

The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the City’s grant programs is predicated upon the grantors satisfaction that the funds provided are being spent as intended and grantors intent to continue their programs.

**CITY OF BELLEVUE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE K – LITIGATION**

The City is subject to various other legal actions in various stages of litigation, the outcome of which is not determinable at this time. Management of the City and its legal counsel do not anticipate that there will be any material effect on the combined financial statements as a result of the cases presently in progress.

**NOTE L – INSURANCE AND RELATED ACTIVITIES**

The City is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance. The City has purchased certain policies which are retrospectively rated which included Workers' Compensation Insurance.

**NOTE M – COBRA**

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the City at risk for a substantial loss (contingency).

**NOTE N – 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 the Kentucky League of Cities Municipal Risk Management Association. 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 reasonable estimated.

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

**NOTE O – KENT LOFTS TAX ABATEMENT / CONDUIT DEBT**

On May 9, 2018, the City issued a resolution authorizing the issuance of up to \$8,500,000 in City of Bellevue Series 2018 Industrial Revenue Bonds to provide financial assistance to a private-sector developer for the acquisition, construction, and equipping a former industrial building within the City, and improving said facility into the Kent Lofts multifamily residential housing development. When issued, the bonds are secured by the properties financed and are payable solely from the developer. Neither the City nor any political subdivision thereof, will be obligated in any manner for repayment of the bonds.

As part of the same agreement, the City has also agreed to allow the developer to pay the annual bond payment in lieu of ad valorem taxes to the City. The developer has also agreed to make a payment, in lieu of taxes, of \$4,355 to the City in the first year after the bond is issued, with an annual 4% rate increase thereafter. The developer will also pay all other applicable city taxes.

<b>CITY OF BELLEVUE, KENTUCKY</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2020</b>
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**NOTE P – DEFICIT FUND BALANCES**

The City currently has a deficit fund balance in one fund, the Debt Service Fund (\$50,109). The Debt Service Fund is funded primarily by annual transfers from the General Fund. No other funds have net losses that resulted in a corresponding reduction of fund balance.

**NOTE Q – TRANSFER OF FUNDS**

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Operating	General	Special Revenue	Funding	\$ 120,326
Operating	General	Capital Improvement	Funding	89,500
Operating	General	Debt Service	Debt Service	167,960
Operating	Capital Improvement	Debt Service	Debt Service	70,029
Operating	Proprietary	General	Funding	80,000
Operating	General	Grant/Capital Project	Funding	100,000
				\$ 627,815

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

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

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

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

**NOTE S – FUTURE ACCOUNTING STANDARDS**

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

Statement No. 87 – *Leases – FY 2022*

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

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

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

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

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

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

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

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

**CITY OF BELLEVUE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE T - COVID-19 GLOBAL PANDEMIC**

On January 30, 2020, the World Health Organization announced a global health emergency, later classified as a global pandemic, as a result of the COVID-19 outbreak. The outbreak and response have impacted financial and economic markets across the World and within the United States of America. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City's financial condition, liquidity, and future results of operations. The City's Management and Council are actively monitoring the impact of the global pandemic on its financial condition, liquidity, operations, suppliers, and industry.

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

**NOTE U - CARES ACT FUNDING**

In response to the COVID-19 Global Pandemic, the City has qualified and been approved for \$415,044 in Federal CARES Act funding passed through the Commonwealth of Kentucky's Department for Local Government. This funding has been designated to reimburse the City for payroll expenses for public safety employees during the pandemic. The City has recognized these funds as other financial resources and as an accounts receivable at June 30, 2020.

**NOTE V – SUBSEQUENT EVENTS**

Management has evaluated events through February 5, 2021, the date on which the financial statements were available for issue. The City had one event subsequent to June 30, 2020 through February 5, 2021 to disclose.

On November 12, 2020 the City paid the Series 2019 Harbor Green Bond due March 31, 2021, in the amount of \$2,500,000.

**CITY OF BELLEVUE, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET TO ACTUAL - GENERAL FUND**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
From local sources:				
Taxes				
Property	\$ 1,445,519	\$ 1,445,519	\$ 1,533,773	\$ 88,254
Motor vehicle	114,000	114,000	121,243	7,243
Utilities	200,000	200,000	194,395	(5,605)
Insurance premium license	950,000	950,000	940,237	(9,763)
Payroll tax	1,309,000	1,309,000	1,429,667	120,667
Other license, permits, and fees	238,200	238,200	260,835	22,635
Earnings on investments	7,000	7,000	8,404	1,404
Fines and penalties	26,500	26,500	33,553	7,053
Charges for services	527,950	527,950	435,672	(92,278)
Other local revenue	40,000	40,000	40,613	613
Intergovernmental - local	58,653	58,653	59,162	509
Intergovernmental - state	68,810	68,810	77,484	8,674
Intergovernmental - federal	13,481	13,481	267	(13,214)
<b>Total revenues</b>	<b>4,999,113</b>	<b>4,999,113</b>	<b>5,135,305</b>	<b>136,192</b>
<b>Expenditures</b>				
Administrative and legislative				
Salaries and benefits	631,820	643,832	589,464	54,368
Other	305,076	347,607	329,540	18,067
Police department				
Salaries and benefits	1,472,209	1,472,466	1,410,113	62,353
Other	119,200	123,664	100,892	22,772
Public works department				
Salaries and benefits	329,109	332,952	327,853	5,099
Other	444,750	450,761	438,864	11,897
Special appropriations				
Bellevue/Dayton fire dept. allotment	924,279	923,464	924,279	(815)
Other	335,600	277,297	182,613	94,684
FEMA - landslide	150,000	150,000	48,735	101,265
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>4,712,043</b>	<b>4,722,043</b>	<b>4,352,353</b>	<b>369,690</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>287,070</b>	<b>277,070</b>	<b>782,952</b>	<b>505,882</b>

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

(Continued on next page)

**CITY OF BELLEVUE, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET TO ACTUAL - GENERAL FUND (CONTINUED)**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
(From previous page)				Favorable
				(Unfavorable)
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ 287,070</u>	<u>\$ 277,070</u>	<u>\$ 782,952</u>	<u>\$ 505,882</u>
<b>Other financing sources (uses)</b>				
CARES Act	-	-	415,044	415,044
Operating transfers in	-	-	-	-
Operating transfers (out)	<u>(466,960)</u>	<u>(477,786)</u>	<u>(477,786)</u>	<u>-</u>
<b>Total other financing (uses) sources</b>	<u>(466,960)</u>	<u>(477,786)</u>	<u>(62,742)</u>	<u>415,044</u>
<b>Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses</b>	(179,890)	(200,716)	720,210	920,926
<b>Fund balance, beginning of year</b>	<u>2,474,387</u>	<u>2,474,387</u>	<u>2,474,387</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 2,294,497</u></u>	<u><u>\$ 2,273,671</u></u>	<u><u>\$ 3,194,597</u></u>	<u><u>\$ 920,926</u></u>

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

**CITY OF BELLEVUE, KENTUCKY****Required Supplementary Information - Multiple Employer, Cost Sharing, Defined Benefit Pension****Plan Disclosure - NON-HAZARDOUS****For the Year Ended June 30, 2020****Schedule of the City's Proportionate Share of the Net Pension Liability  
County Employees' Retirement Plan (CERS)**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Proportion of net pension liability	0.02360%	0.02461%	0.0256%	0.0261%	0.0267%	0.0260%				
Proportionate share of the net pension liability (asset)	\$ 1,659,658	\$ 1,498,702	\$ 1,500,788	\$ 1,284,119	\$ 1,148,926	\$ 842,921				
Covered payroll in year of measurement	\$ 588,533	\$ 609,914	\$ 624,274	\$ 623,195	\$ 577,861	\$ 530,516				
Share of the net pension liability (asset) as a percentage of its covered payroll	282.00%	245.72%	240.41%	206.05%	198.82%	158.89%				
Plan fiduciary net position as a percentage of total pension liability	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%				

**Schedule of the City's Contributions  
County Employees' Retirement Plan (CERS)**

	2020	2019	2018	2017	2016	2015	2014	2012	2011	2010
Contractually required contribution	\$ 124,330	\$ 95,460	\$ 88,316	\$ 87,086	\$ 77,401	\$ 73,677	\$ 72,893			
Actual contribution	124,330	95,460	88,316	87,086	77,401	73,677	72,893			
Contribution deficiency (excess)	-	-	-	-	-	-	-			
Covered payroll	644,199	588,533	609,914	624,274	623,195	577,861	530,516			
Contributions as a percentage of covered payroll	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%	13.74%			

**Notes to Required Supplementary Information**

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

**CITY OF BELLEVUE, KENTUCKY****Required Supplementary Information - Multiple Employer, Cost Sharing, Defined Benefit Pension****Plan Disclosure - HAZARDOUS****For the Year Ended June 30, 2020**

**Schedule of the City's Proportionate Share of the Net Pension Liability  
County Employees' Retirement Plan (CERS)**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Proportion of net pension liability	0.103152%	0.099869%	0.1138%	0.1361%	0.1430%	0.1346%				
Proportionate share of the net pension liability (asset)	\$ 2,849,363	\$ 2,415,289	\$ 2,546,896	\$ 2,334,600	\$ 2,194,939	\$ 1,617,619				
Covered payroll in year of measurement	\$ 591,714	\$ 556,323	\$ 628,640	\$ 751,879	\$ 686,039	\$ 716,402				
Share of the net pension liability (asset) as a percentage of its covered payroll	481.54%	434.15%	405.14%	310.50%	319.94%	225.80%				
Plan fiduciary net position as a percentage of total pension liability	46.63%	49.26%	49.80%	53.95%	57.52%	63.46%				

**Schedule of the City's Contributions  
County Employees' Retirement Plan (CERS)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 187,465	\$ 147,100	\$ 123,504	\$ 136,487	\$ 152,331	\$ 157,446	\$ 155,961			
Actual contribution	187,465	147,100	123,504	136,487	152,331	157,446	155,961			
Contribution deficiency (excess)	-	-	-	-	-	-	-			
Covered payroll	623,635	591,714	556,323	628,640	751,879	686,039	716,402			
Contributions as a percentage of covered payroll	30.06%	24.86%	22.20%	21.71%	20.26%	22.95%	21.77%			

**Notes to Required Supplementary Information**

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



**CITY OF BELLEVUE, KENTUCKY****Required Supplementary Information - Multiple Employer, Cost Sharing, Defined Benefit OPEB****Plan Disclosure - NON-HAZARDOUS****For the Year Ended June 30, 2020****Schedule of the City's Proportionate Share of the Net OPEB Liability  
County Employees' Retirement Plan (CERS)**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Proportion of net OPEB liability	0.02359%	0.02461%	0.0256%							
Proportionate share of the net OPEB liability (asset)	\$ 396,807	\$ 436,892	\$ 515,452							
Covered payroll in year of measurement	\$ 588,533	\$ 609,914	\$ 624,274							
Share of the net OPEB liability (asset) as a percentage of its covered payroll	67.42%	71.63%	82.57%							
Plan fiduciary net position as a percentage of total OPEB liability	60.44%	57.62%	52.40%							

**Schedule of the City's Contributions  
County Employees' Retirement Plan (CERS)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 30,664	\$ 30,957	\$ 28,666	\$ 29,528						
Actual contribution	30,664	30,957	28,666	29,528						
Contribution deficiency (excess)	-	-	-	-						
Covered payroll	644,199	588,533	609,914	624,274						
Contributions as a percentage of covered payroll	4.76%	5.26%	4.70%	4.73%						

**Notes to Required Supplementary Information**

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

**CITY OF BELLEVUE, KENTUCKY****Required Supplementary Information - Multiple Employer, Cost Sharing, Defined Benefit OEPB****Plan Disclosure - HAZARDOUS****For the Year Ended June 30, 2020****Schedule of the City's Proportionate Share of the Net OPEB Liability  
County Employees' Retirement Plan (CERS)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Proportion of net OPEB liability	0.10313%	0.0999%	0.1138%							
Proportionate share of the net OPEB liability (asset)	\$ 763,032	\$ 712,061	\$ 941,075							
Covered payroll in year of measurement	\$ 591,714	\$ 556,323	\$ 628,640							
Share of the net OPEB liability (asset) as a percentage of its covered payroll	128.95%	127.99%	149.70%							
Plan fiduciary net position as a percentage of total OPEB liability	64.44%	64.24%	59.00%							

**Schedule of the City's Contributions  
County Employees' Retirement Plan (CERS)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 59,370	\$ 61,952	\$ 52,016	\$ 58,778						
Actual contribution	59,370	61,952	52,016	58,778						
Contribution deficiency (excess)	-	-	-	-						
Covered payroll	623,635	591,714	556,323	628,640						
Contributions as a percentage of covered payroll	9.52%	10.47%	9.35%	9.35%						

**Notes to Required Supplementary Information**

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

<b>CITY OF BELLEVUE, KENTUCKY</b> <b>COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS</b> <b>June 30, 2020</b>
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	<u>Municipal Aid Fund</u>	<u>Public Safety Fund</u>	<u>Rental Inspection Fund</u>	<u>Parks Fund</u>	<u>Total</u>
<b>Assets</b>					
Cash in bank	\$ 315,803	\$ 8,163	\$ 3,863	\$ 68,902	\$ 396,731
Accounts receivable	27,906	-	-	-	27,906
<b>Total assets</b>	<u>\$ 343,709</u>	<u>\$ 8,163</u>	<u>\$ 3,863</u>	<u>\$ 68,902</u>	<u>\$ 424,637</u>
<b>Liabilities and fund balances</b>					
Liabilities					
Accounts payable	\$ 12,000	\$ -	\$ -	\$ 6,057	\$ 18,057
Total liabilities	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>6,057</u>	<u>18,057</u>
Fund balances					
Assigned	331,709	8,163	3,863	62,845	406,580
Total fund balances	<u>331,709</u>	<u>8,163</u>	<u>3,863</u>	<u>62,845</u>	<u>406,580</u>
<b>Total liabilities and fund balances</b>	<u>\$ 343,709</u>	<u>\$ 8,163</u>	<u>\$ 3,863</u>	<u>\$ 68,902</u>	<u>\$ 424,637</u>

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

**CITY OF BELLEVUE, KENTUCKY**  
**COMBINING STATEMENT OF REVENES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES - SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2020**

	<b>Municipal Aid Fund</b>	<b>Public Safety Fund</b>	<b>Rental Inspection Fund</b>	<b>Parks Fund</b>	<b>Total</b>
<b>Revenues</b>					
Interest earned	\$ 1,117	\$ 19	\$ 12	\$ 427	\$ 1,575
Donations and other	-	12,649	-	2,775	15,424
Intergovernmental:					
State and Federal - indirect	135,163	-	-	-	135,163
Local	-	-	-	6,000	6,000
<b>Total revenues</b>	<b>136,280</b>	<b>12,668</b>	<b>12</b>	<b>9,202</b>	<b>158,162</b>
<b>Expenditures</b>					
Capital outlay - police	-	8,000	-	-	8,000
Police department	-	3,797	-	-	3,797
Recreation	-	-	-	12,968	12,968
Street maintenance	55,817	-	-	-	55,817
Park maintenance	-	-	-	70,052	70,052
<b>Total expenditures</b>	<b>55,817</b>	<b>11,797</b>	<b>-</b>	<b>83,020</b>	<b>150,634</b>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<b>80,463</b>	<b>871</b>	<b>12</b>	<b>(73,818)</b>	<b>7,528</b>
<b>Other financing sources (uses)</b>					
Transfers in	109,500	-	-	10,826	120,326
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>109,500</b>	<b>-</b>	<b>-</b>	<b>10,826</b>	<b>120,326</b>
<b>Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>189,963</b>	<b>871</b>	<b>12</b>	<b>(62,992)</b>	<b>127,854</b>
<b>Fund balance, beginning of year</b>	<b>141,746</b>	<b>7,292</b>	<b>3,851</b>	<b>125,837</b>	<b>278,726</b>
<b>Fund balance, end of year</b>	<b>\$ 331,709</b>	<b>\$ 8,163</b>	<b>\$ 3,863</b>	<b>\$ 62,845</b>	<b>\$ 406,580</b>

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

<b>CITY OF BELLEVUE, KENTUCKY</b> <b>COMBINING BALANCE SHEET - PROPRIETARY FUNDS</b> <b>June 30, 2020</b>
---

	<u>Bellevue URCD Agency</u>	<u>Port Bellevue Rental Fund</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 357,212	\$ 11,204	\$ 368,416
Accounts receivable - current	-	21,119	21,119
Fixed assets, net of depreciation	-	6,320,238	6,320,238
<b>Total assets</b>	<u>357,212</u>	<u>6,352,561</u>	<u>6,709,773</u>
<b>Deferred outflow of resources</b>			
Deferred loss on defeasance of bond	-	127,832	127,832
<b>Total deferred outflow of resources</b>	<u>-</u>	<u>127,832</u>	<u>127,832</u>
<b>Total assets and deferred outflow of resources</b>	<u>\$ 357,212</u>	<u>\$ 6,480,393</u>	<u>\$ 6,837,605</u>
<b>Liabilities and fund balances</b>			
Liabilities			
Accounts payable	\$ -	\$ 1,513	\$ 1,513
Bonds payable - current	-	134,313	134,313
Accrued interest	-	6,664	6,664
Bonds payable - noncurrent	-	2,248,137	2,248,137
Total liabilities	<u>-</u>	<u>2,390,627</u>	<u>2,390,627</u>
Fund balances			
Net investment in capital assets	-	4,065,620	4,065,620
Unrestricted	357,212	24,146	381,358
Total fund balances	<u>357,212</u>	<u>4,089,766</u>	<u>4,446,978</u>
<b>Total liabilities and fund balances</b>	<u>\$ 357,212</u>	<u>\$ 6,480,393</u>	<u>\$ 6,837,605</u>

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

**CITY OF BELLEVUE, KENTUCKY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**NET POSITION - PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2020**

	Bellevue URCD Agency	Port Bellevue Rental Fund	Total
<b>Operating revenues</b>			
Rental income	\$ -	\$ 209,216	\$ 209,216
<b>Total operating revenues</b>	<u>-</u>	<u>209,216</u>	<u>209,216</u>
<b>Operating expenses</b>			
Utilities	-	6,771	6,771
Repairs and maintenance	-	255	255
Depreciation	-	40,131	40,131
Economic development	16,200	-	16,200
Other fees	85	-	85
<b>Total operating expenses</b>	<u>16,285</u>	<u>47,157</u>	<u>63,442</u>
<b>Net operating income (loss)</b>	<u>(16,285)</u>	<u>162,059</u>	<u>145,774</u>
<b>Non-operating revenues (expenses)</b>			
Interest expense	-	(92,501)	(92,501)
Interest earned	5,328	374	5,702
Capital contribution - building	-	1,600,000	1,600,000
Transfers out	-	(80,000)	(80,000)
<b>Total non-operating expenses</b>	<u>5,328</u>	<u>1,427,873</u>	<u>1,433,201</u>
<b>Change in net position</b>	(10,957)	1,589,932	1,578,975
<b>Net position, beginning of year</b>	<u>368,169</u>	<u>2,499,834</u>	<u>2,868,003</u>
<b>Net position, end of year</b>	<u>\$ 357,212</u>	<u>\$ 4,089,766</u>	<u>\$ 4,446,978</u>

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

<b>CITY OF BELLEVUE, KENTUCKY</b> <b>COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS</b> <b>June 30, 2020</b>
---

	<u>Capital Improvement Fund</u>	<u>Grant Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 30,126	\$ 58,034	\$ 194	\$ 88,354
Due from other funds	-	-	-	-
<b>Total assets</b>	<u>\$ 30,126</u>	<u>\$ 58,034</u>	<u>\$ 194</u>	<u>\$ 88,354</u>
<b>Liabilities and fund balances</b>				
Liabilities				
Accounts payable	\$ 933	\$ -	\$ -	\$ 933
Due to other funds	-	-	-	-
Interest payable	-	-	50,303	50,303
Total liabilities	<u>933</u>	<u>-</u>	<u>50,303</u>	<u>51,236</u>
Fund balances				
Assigned for				
Capital projects funds	29,193	58,034	-	87,227
Debt service funds	-	-	(50,109)	(50,109)
Total fund balances	<u>29,193</u>	<u>58,034</u>	<u>(50,109)</u>	<u>37,118</u>
<b>Total liabilities and fund balances</b>	<u>\$ 30,126</u>	<u>\$ 58,034</u>	<u>\$ 194</u>	<u>\$ 88,354</u>

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

**CITY OF BELLEVUE, KENTUCKY**  
**COMBINING STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2020**

	<u>Capital Improvement Fund</u>	<u>Grant Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues</b>				
From local sources				
Earnings on investments	\$ 329	\$ 236	\$ 115	\$ 680
Other local revenues	-	-	-	-
Intergovernmental state	-	-	-	-
<b>Total revenues</b>	<u>329</u>	<u>236</u>	<u>115</u>	<u>680</u>
<b>Expenditures</b>				
Supplies, maintenance, and repairs:				-
Administraion	10,123	-	27	10,150
Police department	8,424	-	-	8,424
Public works	4,939	42,754	-	47,693
Capital outlay equipment	26,259	-	-	26,259
Police department	-	-	-	-
Public works	-	-	-	-
Debt service	-	-	316,184	316,184
<b>Total expenditures</b>	<u>49,745</u>	<u>42,754</u>	<u>316,211</u>	<u>408,710</u>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<u>(49,416)</u>	<u>(42,518)</u>	<u>(316,096)</u>	<u>(408,030)</u>
<b>Other financing sources (uses)</b>				
Gain from sale of assets	5,000	-	-	5,000
Proceeds from borrowing	18,048	-	-	18,048
Operating transfers in	89,500	100,000	317,989	507,489
Operating transfers out	(70,029)	-	-	(70,029)
<b>Total other financing sources (uses)</b>	<u>42,519</u>	<u>100,000</u>	<u>317,989</u>	<u>460,508</u>
<b>Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>(6,897)</u>	<u>57,482</u>	<u>1,893</u>	<u>52,478</u>
<b>Fund balance, beginning of year</b>	<u>36,090</u>	<u>552</u>	<u>(52,002)</u>	<u>(15,360)</u>
<b>Fund balance, end of year</b>	<u>\$ 29,193</u>	<u>\$ 58,034</u>	<u>\$ (50,109)</u>	<u>\$ 37,118</u>

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



**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 Bellevue, 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 Bellevue, Kentucky as of June 30, 2020 and the related notes to the financial statements which collectively comprise the City of Bellevue, Kentucky's financial statements, and have issued our report thereon dated February 5, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audits of the financial statements, we considered City of Bellevue, 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 Bellevue, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Bellevue, 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.

**Compliance and Other Matters**

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

**Purpose of this Report**

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

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

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

Erlanger, Kentucky

February 5, 2021