

CITY OF BELLEVUE, KENTUCKY

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2019

CITY OF BELLEVUE, KENTUCKY

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2019

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Van Gorder, Walker & Co., Inc.
Certified Public Accountants

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Licensed in Kentucky & Ohio

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, 2019, 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, 2019 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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Other Matters

-Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 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 7, 2020 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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 7, 2020

**City of Bellevue, Kentucky
Fiscal Year 2019
Management's Discussion and Analysis**

Our discussion and analysis of the City of Bellevue's financial performance for the fiscal year ended June 30, 2019, 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 \$1.7 million, and the ending cash balance for the City was \$1.9 million.
- During fiscal 2019 the City's governmental funds revenues increased approximately \$357 thousand over the prior year revenues. The increase was due primarily to more revenues being inflated from payroll tax of \$104 thousand and intergovernmental revenues of \$184 thousand.
- The City's governmental fund expenditures increased approximately \$222 thousand over the prior year expenses. The increase was due primarily to more capital outlay expenses \$122 thousand and police department expenses of \$73 thousand.
- The City remains committed to increasing salaries above annual inflation rates to provide for merit increases in order to keep qualified employees.
- Lincoln Road - During fiscal year 2019, the City expended an additional \$422 thousand on engineering and road repair cost to improve the middle section of Lincoln Road. Sanitation District No. 1 reimbursed the City 50% of the cost, or approximately \$141 thousand. The top and bottom sections of the road are to be repaired in future years if the effected residents approve of a 13% special assessment cost for their share of a pending \$2.5 million grant.
- Hillside Slippage – The City expended \$88 thousand on the Hillside Slippage Project during fiscal year 2019. The initial engineering phase is approved for \$345 thousand and was approximately 70% complete. The total project is for \$2.3 million and the costs are to be a shared reimbursement of 75% federal share, 12% state share and 13 % local share.
- During fiscal year 2019, 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 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 \$1,841,402 as of June 30, 2019. In accordance with GASB Statement No. 68 and GASB 75, in FY 2019 the City recognized \$5,062,944 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, 2019 and 2018.

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current assets	\$ 2,979,673	\$ 2,890,352	\$ 493,499	\$ 485,888	\$ 3,473,172	\$ 3,376,240
Noncurrent assets, net	7,741,948	7,725,747	4,760,369	4,812,000	12,502,317	12,537,747
Total Assets	10,721,621	10,616,099	5,253,868	5,297,888	15,975,489	15,913,987
Deferred Outflows of Resources	1,612,097	2,122,015	138,157	148,482	1,750,254	2,270,497
Total Assets and Deferred Outflows	12,333,718	12,738,114	5,392,025	5,446,370	17,725,743	18,184,484
Liabilities						
Current liabilities	417,370	2,934,534	141,571	136,817	558,941	3,071,351
Noncurrent liabilities	12,045,496	9,740,859	2,382,451	2,516,764	14,427,947	12,257,623
Total Liabilities	12,462,866	12,675,393	2,524,022	2,653,581	14,986,888	15,328,974
Deferred Inflows of Resources	897,453	655,920	-	-	897,453	655,920
Total Liabilities and Deferred Inflows	13,360,319	13,331,313	2,524,022	2,653,581	15,884,341	15,984,894
Net Position						
Invested in capital assets, net of related debt	2,252,070	2,115,172	2,381,762	2,314,405	4,633,832	4,429,577
Restricted	263,366	408,062	486,241	478,384	749,607	886,446
Unrestricted	(3,542,037)	(3,116,433)	-	-	(3,542,037)	(3,116,433)
Total Net Postion	<u>\$ (1,026,601)</u>	<u>\$ (593,199)</u>	<u>\$ 2,868,003</u>	<u>\$ 2,792,789</u>	<u>\$ 1,841,402</u>	<u>\$ 2,199,590</u>

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, 2019 the investment in the joint venture was a liability balance of \$1,349,051, which is \$409,272 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, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Revenues:		
Property taxes	\$ 1,573,867	\$ 1,513,757
Other taxes (Utility & Insurance premium-taxes)	1,143,927	1,139,056
License and permits	1,607,881	1,501,091
Intergovernmental grants	496,534	312,561
Charges for services	425,251	427,908
Investment income/fines and penalties	29,800	18,241
Other	48,336	55,570
Total Revenue	<u>5,325,596</u>	<u>4,968,184</u>
Expenses:		
Administration	938,976	907,779
Police department	1,430,134	1,357,654
Public works	744,130	773,960
Road/infrastructure & maintenance	478,743	428,188
Fire department-allotment	888,730	900,135
Parks and recreation/ community development	65,482	63,994
Capital outlay	160,484	88,516
Special projects & appropriations	242,158	229,325
Debt service and bond cost	293,657	270,508
Total Expense	<u>5,242,494</u>	<u>5,020,059</u>
Other Financing Sources (Uses)	<u>48,450</u>	<u>30,748</u>
Excess (deficit) of revenues over (under) expenditures	<u>\$ 131,552</u>	<u>\$ (21,127)</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 2020 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, 2019

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 2,231,230	\$ 473,773	\$ 2,705,003
Accounts receivable			
Taxes - current	378,700	-	378,700
Taxes - delinquent	15,148	-	15,148
Other	258,071	19,726	277,797
Intergovernmental - other	22,223	-	22,223
Intergovernmental - federal thru state	29,301	-	29,301
Special Assessment	45,000	-	45,000
Total Current Assets	2,979,673	493,499	3,473,172
Noncurrent Assets			
Cash in escrow - KLC	20,185	-	20,185
Capital assets	10,215,537	5,453,550	15,669,087
Less: accumulated depreciation	(2,493,774)	(693,181)	(3,186,955)
Total capital assets, net of depreciation	7,721,763	4,760,369	12,482,132
Total Noncurrent Assets	7,741,948	4,760,369	12,502,317
Total Assets	10,721,621	5,253,868	15,975,489
Deferred Outflow of Resources			
Outflows related to pension and OPEB	1,465,076	-	1,465,076
Deferred loss on defeasance of bonds	147,021	138,157	285,178
Total Deferred Outflow of Resources	1,612,097	138,157	1,750,254
Total Assets and Deferred Outflow of Resources	12,333,718	5,392,025	17,725,743
Liabilities			
Current Liabilities			
Accounts payable	83,159	290	83,449
Accrued payroll and related expenses	117,483	-	117,483
Current portion of bond obligations	108,800	134,313	243,113
Current portion of capital lease obligations	55,821	-	55,821
Interest payable	52,107	6,968	59,075
Total Current Liabilities	417,370	141,571	558,941
Noncurrent Liabilities			
Noncurrent portion of bond obligations, net of costs	5,203,350	2,382,451	7,585,801
Noncurrent portion of capital lease obligations	268,928	-	268,928
Compensated absences	161,223	-	161,223
Investment in joint venture	1,349,051	-	1,349,051
Net pension and OPEB liability	5,062,944	-	5,062,944
Total Noncurrent Liabilities	12,045,496	2,382,451	14,427,947
Total Liabilities	12,462,866	2,524,022	14,986,888
Deferred Inflow of Resources			
Inflows related to pensions and OPEB	897,453	-	897,453
Total Liabilities and Deferred Inflow of Resources	13,360,319	2,524,022	15,884,341
Net Position			
Net investment in capital assets	2,252,070	2,381,762	4,633,832
Restricted for:			
Debt service - (deficit)	(52,002)	-	(52,002)
Capital projects	36,642	-	36,642
Special revenue projects	278,726	-	278,726
Community development	-	486,241	486,241
Unrestricted	(3,542,037)	-	(3,542,037)
Total Net Position	\$ (1,026,601)	\$ 2,868,003	\$ 1,841,402

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

CITY OF BELLEVUE, KENTUCKY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

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
Governmental Activities							
Administration/Legislative	\$ 1,012,554	\$ -	\$ -	\$ 20,185	\$ (992,369)		\$ (992,369)
Police department	1,655,536	-	63,939	-	(1,591,597)		(1,591,597)
Public works	888,476	425,251	-	-	(463,225)		(463,225)
Fire department	1,298,002	-	-	-	(1,298,002)		(1,298,002)
Parks and recreation	75,442	-	-	-	(75,442)		(75,442)
Special appropriations	242,158	-	137,069	-	(105,089)		(105,089)
Interest on long-term debt	141,963	-	-	-	(141,963)		(141,963)
Road maintenance	478,743	-	262,541	12,800	(203,402)		(203,402)
Total Governmental Activities	5,792,874	425,251	463,549	32,985	(4,871,089)		(4,871,089)
Business-Type Activities							
Port Bellevue Rental	142,179	236,716	-	-		94,537	94,537
Bellevue URCD	16,200	-	-	-		(16,200)	(16,200)
Total Business-Type Activities	158,379	236,716	-	-		78,337	78,337
Total Primary Government	\$ 5,951,253	\$ 661,967	\$ 463,549	\$ 32,985		78,337	(4,792,752)
General Revenues							
Taxes							
					1,452,525	-	1,452,525
Property taxes					122,763	-	122,763
Motor vehicle taxes					211,174	-	211,174
Utility taxes					932,753	-	932,753
Insurance premium tax					1,607,881	-	1,607,881
License and permit					19,287	-	19,287
Fines and penalties					10,513	8,377	18,890
Investment earnings					20,955	-	20,955
Gain on sale of capital assets					48,336	-	48,336
Other local revenue							
Total General Revenues					4,426,187	8,377	4,434,564
Change in Net Position					(444,902)	86,714	(358,188)
Net Position, Beginning of Year					(593,199)	2,792,789	2,199,590
Reclassification of asset					11,500	(11,500)	-
Net Position, End of Year					\$ (1,026,601)	\$ 2,868,003	\$ 1,841,402

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

CITY OF BELLEVUE, KENTUCKY BALANCE SHEET - GOVERNMENTAL FUNDS June 30, 2019
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	General Fund	Special Revenue Funds	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,923,661	\$ 270,822	\$ 36,747	\$ 2,231,230
Receivables				
Taxes - current	378,700	-	-	378,700
Taxes - delinquent	5,792	-	-	5,792
Other licenses and fees	258,071	-	-	258,071
Intergovernmental	40,246	11,278	-	51,524
Special assessment	45,000	-	-	45,000
Cash in escrow - KLC	20,185	-	-	20,185
Total assets	<u>\$ 2,671,655</u>	<u>\$ 282,100</u>	<u>\$ 36,747</u>	<u>\$ 2,990,502</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 79,785	\$ 3,374	\$ -	\$ 83,159
Accrued payroll and related expenses	117,483	-	-	117,483
Interest payable	-	-	52,107	52,107
Due to other funds	-	-	-	-
Total liabilities	<u>197,268</u>	<u>3,374</u>	<u>52,107</u>	<u>252,749</u>
Fund balances				
Assigned for:				
Capital projects funds	-	-	36,642	36,642
Special revenue funds	-	278,726	-	278,726
Debt service fund (deficit)	-	-	(52,002)	(52,002)
Sick leave reserve	161,225	-	-	161,225
Unassigned:	2,313,162	-	-	2,313,162
Total fund balances	<u>2,474,387</u>	<u>278,726</u>	<u>(15,360)</u>	<u>2,737,753</u>
Total liabilities and fund balances	<u>\$ 2,671,655</u>	<u>\$ 282,100</u>	<u>\$ 36,747</u>	<u>\$ 2,990,502</u>

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

<p>CITY OF BELLEVUE, KENTUCKY</p> <p>RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS</p> <p>TO THE STATEMENT OF NET POSITION</p> <p>June 30, 2019</p>
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Total fund balance per fund financial statements	\$ 2,737,753
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Amounts reported for *governmental activities* in the statement of activities are different because:

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.	7,721,763
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Investments in a joint venture in not reported in the funds, but are reported in the statement of net position.	(1,349,051)
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Property tax to collect	9,356
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Deferred losses on the defeasance of bonds are not included in the funds, but are recorded in the statement of net position.	147,021
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, not reportable in the funds	
Deferred outflow of resources - pensions	1,066,401
Deferred outflow of resources - OPEB	398,675
Deferred inflow of resources - pensions	(583,127)
Deferred inflow of resources - OPEB	(314,326)

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.	
Bond obligations, net of costs	(5,312,150)
Capital lease obligations - fire department	(282,126)
Capital lease obligations	(42,623)
Compensated absences	(161,223)
Net unfunded pension liability	(3,913,991)
Net unfunded OPEB liability	(1,148,953)

Net position for governmental activities	<u>\$ (1,026,601)</u>
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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, 2019

Revenues	General Fund	Special Revenue Funds	Nonmajor Governmental Funds	Total Governmental Funds
From local sources				
Taxes:				
Property	\$ 1,451,104	\$ -	\$ -	\$ 1,451,104
Motor vehicle	122,763	-	-	122,763
Utilities	211,174	-	-	211,174
Insurance premium tax	932,753	-	-	932,753
License, permits and fees:				
Payroll	1,353,598	-	-	1,353,598
Other	254,283	-	-	254,283
Fines and penalties	19,287	-	-	19,287
Earnings on investments	7,925	1,396	1,192	10,513
Charges for services	425,251	-	-	425,251
Other local revenues	44,062	3,948	326	48,336
Intergovernmental - local	80,269	12,800	-	93,069
Intergovernmental - state	74,581	121,557	140,984	337,122
Intergovernmental - federal indirect	66,343	-	-	66,343
Total revenues	5,043,393	139,701	142,502	5,325,596
Expenditures				
Administrative/legislature	904,850	-	34,126	938,976
Police department	1,428,964	1,170	-	1,430,134
Public works	744,130	-	-	744,130
Fire department	888,730	-	-	888,730
Community service/parks and recreation	-	65,482	-	65,482
Special appropriations	242,158	-	-	242,158
Capital outlay:				
Police department	-	9,893	144,731	154,624
Public works	-	-	5,860	5,860
Road maintenance	-	56,081	422,662	478,743
Debt service and capital lease	-	-	293,657	293,657
Total expenditures	4,208,832	132,626	901,036	5,242,494
Excess (deficit) of revenues over (under) expenditures	834,561	7,075	(758,534)	83,102

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 BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
For the Year Ended June 30, 2019

	General Fund	Special Revenue Funds	Nonmajor Governmental Funds	Total Governmental Funds
(From previous page)				
Excess (deficit) of revenues over (under) expenditures	<u>\$ 834,561</u>	<u>\$ 7,075</u>	<u>\$ (758,534)</u>	<u>\$ 83,102</u>
Other financing sources (uses)				
Gain from sale of assets	-	-	17,455	17,455
Proceeds from borrowings	-	-	30,995	30,995
Operating transfers in	-	118,243	547,997	666,240
Operating transfers (out)	<u>(558,313)</u>	<u>(35,000)</u>	<u>(72,927)</u>	<u>(666,240)</u>
Total other financing sources (uses)	<u>(558,313)</u>	<u>83,243</u>	<u>523,520</u>	<u>48,450</u>
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	276,248	90,318	(235,014)	131,552
Fund balances, beginning of year	<u>2,198,139</u>	<u>188,408</u>	<u>219,654</u>	<u>2,606,201</u>
Fund balances, end of year	<u><u>\$ 2,474,387</u></u>	<u><u>\$ 278,726</u></u>	<u><u>\$ (15,360)</u></u>	<u><u>\$ 2,737,753</u></u>

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

<p>CITY OF BELLEVUE, KENTUCKY</p> <p>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND</p> <p>CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE</p> <p>STATEMENT OF ACTIVITIES</p> <p>For the Year Ended June 30, 2019</p>

Net change in fund balances-total governmental funds	\$ 131,552
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense:

Capital asset purchases capitalized	160,484
Depreciation expense	(179,468)
Gain on disposal of fixed assets	3,500

Amount of deferred loss on defeasance of bonds	(10,501)
--	----------

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 (\$30,995) were less than repayments of \$162,193.

131,198

Liability increase for compensated absences payable	25,865
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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

(409,272)

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

Cost of benefits earned - pensions	(240,054)
Cost of benefits earned - OPEB	(59,627)

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 \$9,356 and last year's amount was (\$7,935).

1,421

Change in net position of governmental activities	<u>\$ (444,902)</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF BELLEVUE, KENTUCKY Statement of Net Position - Proprietary Funds June 30, 2019

Assets

Current assets	
Cash and cash equivalents	\$ 473,773
Accounts receivable	19,726
Total current assets	<u>493,499</u>
Noncurrent assets	
Capital assets	5,453,550
Less: accumulated depreciation	(693,181)
Total noncurrent nssets	<u>4,760,369</u>

Total assets	<u>5,253,868</u>
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Deferred outflow of resources

Deferred loss on defeasance of bonds	<u>138,157</u>
--------------------------------------	----------------

Total assets and deferred outflow of resources	<u>5,392,025</u>
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Liabilities

Current liabilities	
Accounts payable	290
Current portion of long term obligation	134,313
Accrued interest payable	6,968
Total current liabilities	<u>141,571</u>
Noncurrent liabilities	
Noncurrent portion of bond obligations	<u>2,382,451</u>

Total liabilities	<u>2,524,022</u>
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Net position

Net investment in capital assets	2,381,762
Unrestricted	<u>486,241</u>

Total net position	<u><u>\$ 2,868,003</u></u>
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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, 2019**

Operating revenue	
Rental income	\$ 236,716
Total operating revenue	<u>236,716</u>
Operating expenses	
Utilities	4,065
Repairs and maintenance	2,037
Depreciation	40,131
Economic development cost	16,200
Total operating expenses	<u>62,433</u>
Operating income	<u>174,283</u>
Non-operating revenues (expenses)	
Interest income	8,377
Interest expense	(95,946)
Transfers out	(11,500)
Total non-operating revenues (expenses)	<u>(99,069)</u>
Net income	75,214
Net position, beginning of year	<u>2,792,789</u>
Net position, end of year	<u><u>\$ 2,868,003</u></u>

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

CITY OF BELLEVUE, KENTUCKY Statement of Cash Flows - Proprietary Funds For the Year Ended June 30, 2019
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Cash flows from operating activities

Cash received from	
Revenue from rent	\$ 216,989
Cash paid to/for	
Riverfront master plan	-
Utilities	(4,047)
Repair and maintenance	(2,037)
Economic development projects	(16,200)
Professional fees	-

Net change in cash from operating activities	<u>194,705</u>
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Cash flows from non-capital financing activities

Transfer in	-
-------------	---

Net change in cash from non-capital financing activities	<u>-</u>
---	----------

Cash flows from capital and related financing activities

Interest paid	(85,197)
Principle paid on bonds	(130,000)

Net change in cash from capital and related financing activities	<u>(215,197)</u>
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Cash flows from investing activities

Interest income	8,377
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Net change in cash from investing activities	<u>8,377</u>
---	--------------

Change in cash and cash equivalents	(12,115)
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Cash and cash equivalents, beginning of year	<u>485,888</u>
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Cash and cash equivalents, end of year	<u><u>\$ 473,773</u></u>
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Reconciliation of operating income to net cash provided by operating activities

Operating income	\$ 174,283
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Adjustments to reconcile operating income to net cash provided by operating activities

Depreciation	40,131
Change in assets and liabilities	
Account receivable	(19,726)
Accounts payable	17

Net change in cash from operating activities	<u><u>\$ 194,705</u></u>
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Schedule of non-cash transactions

Depreciation	\$ 40,131
Amortization of loss on bond defeasance	10,326
Transfer out - real estate to fixed assets	11,500
	<u><u>\$ 61,957</u></u>

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

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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, 2019

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, 2019

(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, 2019

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 2018 property tax rates assessed for the year ended June 30, 2019, to finance the General Fund operations were \$0.348 per \$100 valuation for real property, and \$0.464 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.

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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:

Description	Governmental Activities
	Estimated Lives
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, 2019, the total sick leave payable is \$161,223 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.

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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, 2019.

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, 2019.

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, 2019 for Debt Service, Capital Projects, Special Revenue Projects, and Community Development.

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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.

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 \$2,705,003; 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, 2019 consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
Cash and cash equivalents	<u>\$ 2,730,853</u>	<u>\$ 2,705,003</u>
Breakdown per financial statements:		
Governmental funds		\$ 2,231,230
Proprietary funds		<u>473,773</u>
Total		<u>\$ 2,705,003</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, 2019 was a liability of (\$1,349,051). This liability increased \$409,272 from the previous year.

The City had no other investments at June 30, 2019.

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

NOTE E – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2019, was as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Governmental Activities				
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	315,966	103,522	(6,339)	413,149
Vehicles and machinery	693,395	56,962	(116,622)	633,735
Harbor Green/Infrastructure	2,555,750	-	-	2,555,750
Streetscape/Infrastructure	697,540	-	-	697,540
Pedestrian bridge/Infrastructure	416,414	11,500	-	427,914
Construction in progress	-	-	-	-
Totals at historical cost	10,166,514	171,984	(122,961)	10,215,537
Less accumulated depreciation				
Land improvements - parks	(176,385)	(9,960)	-	(186,345)
Building and improvements	(497,397)	(22,299)	-	(519,696)
Playground equipment	(115,891)	-	-	(115,891)
Furniture and equipment	(270,243)	(23,640)	9,839	(284,044)
Vehicles and machinery	(553,844)	(49,944)	116,622	(487,166)
Infrastructure	(827,007)	(73,625)	-	(900,632)
Total accumulated depreciation	(2,440,767)	(179,468)	126,461	(2,493,774)
Governmental Activities				
Capital Assets - Net	\$ 7,725,747	\$ (7,484)	\$ 3,500	\$ 7,721,763
Business Type Activities				
Land and land improvements				
Total at historical cost	\$ 5,465,050	\$ -	\$ (11,500)	\$ 5,453,550
Less accumulated depreciation	(653,050)	(40,131)	-	(693,181)
Business Type Activities				
Capital Assets - Net	\$ 4,812,000	\$ (40,131)	\$ (11,500)	\$ 4,760,369

Depreciation was charged to functions as follows:

Governmental Activities	
Administration	\$ 12,973
Police Department	54,007
Public Works & Infrastructure	102,528
Parks & Recreation	9,960
Total governmental activities depreciation expense	\$ 179,468

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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, 2019</u>
Vehicles and equipment	\$ 111,867
FDBD fire truck	282,126
	<u>\$ 393,993</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, 2019:

<u>Year Ending June 30,</u>	<u>Capital Lease Payable</u>
2020	\$ 64,423
2021	58,873
2022	41,666
2023	40,106
2024	40,106
2025-2027	120,318
Total minimum lease payments	<u>365,492</u>
Less: Amount representing interest	(40,743)
Present Value of Net Minimum Lease Payments	<u>\$ 324,749</u>

NOTE G – LONG TERM DEBT

The City has three general obligation public project bond issues outstanding at June 30, 2019, 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.

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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	<u>\$ 2,500,000</u>	

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, 2019 for debt services (principle 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
2020	110,000	137,959	135,000	81,793
2021	2,600,000	134,675	135,000	78,100
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
2025-2029	915,000	244,018	925,000	240,050
2030-2034	1,315,000	113,422	795,000	66,348
Totals	<u>\$ 5,345,000</u>	<u>\$ 814,409</u>	<u>\$ 2,455,000</u>	<u>\$ 675,160</u>

A summary of the City's long-term bond debt at June 30, 2019 is as follows:

Description	Balance June 30, 2018	Issued	Paid	Balance June 30, 2019	Due Within One Year
Governmental Activities					
Bonds Payable:					
Series 2012 REF	\$ 2,945,000	\$ -	\$ (100,000)	\$ 2,845,000	\$ 110,000
Series 2017 and 2019	2,500,000	-	-	2,500,000	-
2012 Bond Discount	(34,010)	-	1,160	(32,850)	(1,200)
Total Governmental Activities	<u>\$ 5,410,990</u>	<u>\$ -</u>	<u>\$ (98,840)</u>	<u>\$ 5,312,150</u>	<u>\$ 108,800</u>
Business Type Activities					
Bonds Payable:					
Series 2011 REF	\$ 1,950,000	\$ -	\$ (95,000)	\$ 1,855,000	\$ 100,000
Series 2014 REF	705,000	-	(35,000)	670,000	35,000
2014 REF Premium	10,377	-	(692)	9,685	692
2011 REF Discount	(19,300)	-	1,379	(17,921)	(1,379)
Total Business Activities	<u>\$ 2,646,077</u>	<u>\$ -</u>	<u>\$ (129,313)</u>	<u>\$ 2,516,764</u>	<u>\$ 134,313</u>

NOTE H – COMMITMENTS UNDER NONCAPITALIZED LEASES

The City had no commitments under operating lease agreements as of June 30, 2019.

NOTE I – COUNTY EMPLOYEES' RETIREMENT SYSTEM

Plan description - Employees are covered by CERS, 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 establish and amend benefit provisions. The Kentucky

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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.

PENSION PLAN

Non-Hazardous Pension Plan Description

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

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

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

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

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

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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	Before September 1, 2008
	Unreduced retirement	At least one month of hazardous duty service credit or 55 years old
	Reduced retirement	15 years service and 50 years old or any age with 20 years service
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years of hazardous duty service credit and 60 years old
	Reduced retirement	15 years service and 50 years old or any age with 25 years service
Tier 3	Participation date	On or after January 1, 2014
	Unreduced retirement	At least 5 years of hazardous duty service credit and 60 years old or 25 or more years of service, with no age requirement
	Reduced retirement	Not available

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

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

	Required Contribution
Tier 1	8%
Tier 2	8%
Tier 3	8%

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

Contributions

For non-hazardous duty employees, the City contributed 21.48%, of which 16.22% was for the pension fund and 5.26% was for the health insurance fund, of the non-hazardous duty covered-employee's compensation during the fiscal year ended June 30, 2019. For hazardous duty employees, the City contributed 35.33%, of which 24.86% was for the pension fund and 10.47% was for the health insurance fund, of the hazardous duty covered-employee's compensation during the fiscal year ended June 30, 2019.

The City made all required contributions for the non-hazardous Plan pension obligation for the fiscal year in the amount of \$126,417, of which \$95,460 was for the pension fund and \$30,957 was for the health insurance fund. The City also made all required contributions for the hazardous Plan pension obligation for the fiscal year in the amount of \$209,053, of which \$147,100 was for the pension fund and \$61,952 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, 2019, the City reported a liability of \$3,913,991 (\$1,498,702 – non-hazardous and \$2,415,289 – hazardous) as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the City's non-hazardous employer allocation proportion was 0.02461% of the total CERS non-hazardous duty employees and 0.099869% of the total CERS hazardous duty employees. For the year ended June 30, 2019, the City recognized an actuarial pension expense of \$240,054 in addition to its \$335,469 pension contribution.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

	Non-Hazardous		Hazardous		Total	
	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	\$ 48,883	\$ (21,938)	\$ 192,216	\$ -	\$ 241,099	\$ (21,938)
Net difference between projected actual earnings on plan investments	69,691	(87,661)	89,523	(116,767)	159,214	(204,428)
Changes of assumptions	146,467	-	257,099	-	403,566	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	(45,523)	19,962	(311,238)	19,962	(356,761)
Contributions subsequent to the measurement date	95,460	-	147,100	-	242,560	-
	<u>\$ 360,501</u>	<u>\$ (155,122)</u>	<u>\$ 705,900</u>	<u>\$ (428,005)</u>	<u>\$ 1,066,401</u>	<u>\$ (583,127)</u>

The City's contributions subsequent to the measurement date of \$242,560 will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

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

Fiscal Year Ending June 30,	Net Deferral
2019	250,628
2020	72,559
2021	(63,522)
2022	(18,951)
	<u>\$ 240,714</u>

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2018
Experience study	July 1, 2008 – June 30, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market
Payroll growth	2.00%
Inflation	2.30%

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

Salary increase	3.05%, average, including inflation
Investment rate of return	6.25%, net of pension plan expense, including inflation

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

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

Changes of Assumptions

There have been no changes in actuarial assumptions since June 2017. In 2017, the demographic and economic assumptions that affect the measurement of the total pension liability were updated as follows:

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

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

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

Asset Class	CERS Hazardous & Non-Hazardous Target Allocation	Long Term Expected Nominal Return
Combined equity	35%	5.79%
Combined fixed income	24%	6.71%
Real return (diversified inflation strategies)	10%	7.00%
Absolute return (diversified hedge funds)	10%	5.00%
Private equity	10%	6.50%
Real estate	5%	9.00%
Global bonds	4%	3.00%
Cash	2%	1.50%

Discount Rate

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

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.25 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

	Proportionate Share of Net Pension Liability		
	1% Decrease	Current Rate	1% Increase
	5.25%	6.25%	7.25%
Non-hazardous	\$ 1,886,711	\$ 1,498,702	\$ 1,173,619
Hazardous	3,026,199	2,415,289	1,910,257
Total	<u>\$ 4,912,910</u>	<u>\$ 3,913,991</u>	<u>\$ 3,083,876</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.

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Tier 1	Participation date	Before July 1, 2003
	Benefit eligibility	Recipient of a retirement allowance
	Percentage of member premium paid by the plan	< 4 years service - 0% 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, 2016, the contribution was \$12.99 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, 2016, the contribution was \$12.99 per month.

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

	Required Contribution
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.

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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, 2016, the contribution was \$19.48 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, 2016, the contribution was \$19.48 per month.

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

	Required Contribution
Tier 1	None
Tier 2	1%
Tier 3	1%

Contributions

Contribution requirements for covered employees and participating governmental entities are established and may be amended by the KRS Trustees. The contractually required contribution rate for governmental entities for the year ended June 30, 2019, was 5.26% of covered-employee payroll for non-hazardous duty employees and 10.47% of covered-employee payroll 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 \$30,957 for non-hazardous duty employees and \$61,952 for hazardous duty employees for the year ended June 30, 2019.

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

At June 30, 2019, the City reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, 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

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30, 2017, the City's proportion of the non-hazardous plan was .02461%. At June 30, 2018, the City's proportion of the hazardous plan was 0.099874%. For the year ended June 30, 2019, the City recognized an OPEB expense of \$59,627. 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	Deferred Inflow	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	\$ -	\$ (50,914)	\$ -	\$ (79,575)	\$ -	\$ (130,489)
Net difference between projected actual earnings on plan investments	-	(30,093)	-	(67,694)	-	(97,787)
Changes of assumptions	87,254	(1,009)	218,512	(1,948)	305,766	(2,957)
Changes in proportion and differences between contributions and proportionate share of contributions	-	(17,194)	-	(65,898)	-	(83,092)
Contributions subsequent to the measurement date	30,957	-	61,952	-	92,909	-
	<u>\$ 118,211</u>	<u>\$ (99,210)</u>	<u>\$ 280,464</u>	<u>\$ (215,115)</u>	<u>\$ 398,675</u>	<u>\$ (314,325)</u>

The City's contributions subsequent to the measurement date, \$30,957 for non-hazardous duty employees and \$61,952 for hazardous duty employees will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Net Deferral
2019	\$ 22,437
2020	22,437
2021	(16,861)
2022	(25,704)
2023	(7,076)
Thereafter	(3,792)
	<u>\$ (8,559)</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method: Entry Age Normal

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

Asset valuation method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method:	Level, percent of pay
Amortization period:	28 years, closed
Payroll growth rate:	2.00%
Investment return:	6.25%
Inflation	2.30%
Salary increases:	3.05%, average
Mortality:	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)
Healthcare trend rates (Pre-65):	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
Healthcare trend rates (Post-65):	Initial trend starting at 5.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study calculated as of June 30, 2015.

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 summarized in the following table:

Asset Class	CERS Health Insurance Target Allocation	Long Term Expected Nominal Return
Combined equity	35%	5.79%
Combined fixed income	24%	6.71%
Real return (diversified inflation strategies)	10%	7.00%
Absolute return (diversified hedge funds)	10%	5.00%
Private equity	10%	6.50%
Real estate	5%	9.00%
Global bonds	4%	3.00%
Cash	2%	1.50%

Changes of Assumptions

In 2018, the demographic and economic assumptions that affect the measurement of the total OPEB liability were updated as follows:

- The assumed investment return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- The assumed rate of salary increase was reduced from 4.00% to 3.05%.

CITY OF BELLEVUE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

- Payroll growth assumption was reduced from 4.00% to 2.00%.
- The mortality table used for active members is RP-2000 Combined mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).

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

- For the non-hazardous plan, the single discount rate changed from 5.84% to 5.85%
- For the hazardous plan, the single discount rate changed from 5.96% to 5.97%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.85% for the non-hazardous plan and 5.97% 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 table presents the proportionate share of the net OPEB liability calculated using the discount rates of 5.84% for the non-hazardous plan and 5.96% for the hazardous plan, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Proportionate Share of Net OPEB Liability		
	1.00% Decrease	Current Rate	1.00% Increase
Discount rate, non-hazardous	4.84%	5.84%	6.84%
Net OPEB liability, non-hazardous	\$ 567,453	\$ 436,892	\$ 325,678
Discount rate, hazardous	4.96%	5.96%	6.96%
Net OPEB liability, hazardous	989,800	712,061	489,724
Total	\$ 1,557,253	\$ 1,148,953	\$ 815,402

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	\$ 325,271	\$ 436,892	\$ 568,462
Net OPEB liability, hazardous	484,948	712,061	993,350
Total	\$ 810,219	\$ 1,148,953	\$ 1,561,812

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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.

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 reasonably estimated.

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

The City Attorney estimates that the amount of actual or potential claims against the City as of June 30, 2019, 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.

NOTE P – DEFICIT FUND BALANCES

The City currently has a deficit fund balance in one fund, the Debt Service Fund (\$52,002). The Debt Service Fund is funded primarily by annual transfers from the General Fund. The following funds have net losses that resulted in a corresponding reduction of fund balance:

Funds	Loss
Grant/Capital Project	\$ (241,107)
Public Safety	(8,718)
URCD Agencies	(19,851)

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	\$ 118,243
Operating	General	Capital Improvement	Funding	202,000
Operating	General	Debt Service	Debt Service	232,870
Operating	Special Revenue	Capital Projects	Debt Service	35,000
Operating	General	Grant/Capital Project	Funding	5,200
				<u>\$ 593,313</u>

NOTE R – IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

Statement No. 83 – *Certain Asset Retirement Obligations*

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

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

NOTE S – FUTURE ACCOUNTING STANDARDS

Statement No. 84 – *Fiduciary Activities* – Implementation in FY 2020

Statement No. 87 – *Leases* – Implementation in FY 2021

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

Statement No. 90 – *Majority Equity Interests* – Implementation in FY 2020

Statement No. 91 – *Conduit Debt Obligations* – Implementation in FY 2022

NOTE T – PRIOR PERIOD RECLASSIFICATION

A reclassification adjustment was made for the prior period to move an \$11,500 asset originally listed as a business-type activity asset to a government-type activity asset. There was no change to the total net position of the City for this adjustment.

NOTE U – SUBSEQUENT EVENTS

Management has evaluated events through February 7, 2020, the date on which the financial statements were available for issue. The City did not have any events subsequent to June 30, 2019 through February 7, 2020 to disclose.

CITY OF BELLEVUE, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
From local sources:				
Taxes				
Property	\$ 1,364,850	\$ 1,364,850	\$ 1,451,104	\$ 86,254
Motor vehicle	100,000	100,000	122,763	22,763
Utilities	190,000	190,000	211,174	21,174
Insurance premium license	890,000	890,000	932,753	42,753
Payroll tax	1,200,000	1,200,000	1,353,598	153,598
Other license, permits, and fees	213,200	213,200	254,283	41,083
Earnings on investments	2,000	2,000	7,925	5,925
Fines and penalties	35,000	35,000	19,287	(15,713)
Charges for services	425,000	425,000	425,251	251
Other local revenue	31,000	31,000	44,062	13,062
Intergovernmental - local	79,000	79,000	80,269	1,269
Intergovernmental - state	66,200	66,200	74,581	8,381
Intergovernmental - federal	2,349,000	2,349,000	66,343	(2,282,657)
Total revenues	6,945,250	6,945,250	5,043,393	(1,901,857)
Expenditures				
Administrative and legislative				
Salaries and benefits	580,160	633,919	592,693	41,226
Other	306,130	321,794	312,157	9,637
Police department				
Salaries and benefits	1,353,500	1,369,915	1,332,867	37,048
Other	115,850	117,921	96,097	21,824
Public works department				
Salaries and benefits	313,500	316,331	311,177	5,154
Other	439,600	439,600	432,953	6,647
Special appropriations				
Bellevue/Dayton fire dept. allotment	888,730	888,730	888,730	-
Other	198,160	203,360	161,456	41,904
FEMA - landslide	2,340,000	2,261,088	80,702	2,180,386
Capital outlay	-	-	-	-
Total expenditures	6,535,630	6,552,658	4,208,832	2,343,826
Excess (deficiency) of revenues over (under) expenditures	409,620	392,592	834,561	441,969

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
(From previous page)	Original	Final		
Excess (deficiency) of revenues over (under) expenditures	\$ 409,620	\$ 392,592	\$ 834,561	\$ 441,969
Other financing sources (uses)				
Other financing sources	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers (out)	(521,070)	(558,313)	(558,313)	-
Total other financing (uses) sources	(521,070)	(558,313)	(558,313)	-
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	(111,450)	(165,721)	276,248	441,969
Fund balance, beginning of year	2,198,139	2,198,139	2,198,139	-
Fund balance, end of year	<u>\$ 2,086,689</u>	<u>\$ 2,032,418</u>	<u>\$ 2,474,387</u>	<u>\$ 441,969</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, 2019****Schedule of the City's Proportionate Share of the Net Pension Liability****County Employees' Retirement Plan (CERS)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Proportion of net pension liability	0.02461%	0.0256%	0.0261%	0.0267%	0.0260%					
Proportionate share of the net pension liability (asset)	\$ 1,498,702	\$ 1,500,788	\$1,284,119	\$ 1,148,926	\$ 842,921					
Covered payroll in year of measurement	\$ 609,914	\$ 624,274	\$ 623,195	\$ 577,861	\$ 530,516					
Share of the net pension liability (asset) as a percentage of its covered payroll	245.72%	240.41%	206.05%	198.82%	158.89%					
Plan fiduciary net position as a percentage of total pension liability	53.54%	53.30%	55.50%	59.97%	66.80%					

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 95,460	\$ 88,316	\$ 87,086	\$ 77,401	\$ 73,677	\$72,893				
Actual contribution	95,460	88,316	87,086	77,401	73,677	72,893				
Contribution deficiency (excess)	-	-	-	-	-	-				
Covered payroll	588,533	609,914	624,274	623,195	577,861	530,516				
Contributions as a percentage of covered payroll	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, 2019, is based on the June 30, 2018, 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, 2019****Schedule of the City's Proportionate Share of the Net Pension Liability****County Employees' Retirement Plan (CERS)**

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

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

	2019	2018	2017	2015	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 147,100	\$ 123,504	\$ 136,487	\$ 152,331	\$ 157,446	\$ 155,961				
Actual contribution	147,100	123,504	136,487	152,331	157,446	155,961				
Contribution deficiency (excess)	-	-	-	-	-	-				
Covered payroll	591,714	556,323	628,640	751,879	686,039	716,402				
Contributions as a percentage of covered payroll	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, 2019, is based on the June 30, 2018, 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, 2019**

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Proportion of net OPEB liability	0.02461%	0.0256%								
Proportionate share of the net OPEB liability (asset)	\$ 436,892	\$ 515,452								
Covered payroll in year of measurement	\$ 609,914	\$ 624,274								
Share of the net OPEB liability (asset) as a percentage of its covered payroll	71.63%	82.57%								
Plan fiduciary net position as a percentage of total OPEB liability	57.62%	52.40%								

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 30,957	\$ 28,666	\$ 29,528							
Actual contribution	30,957	28,666	29,528							
Contribution deficiency (excess)	-	-	-							
Covered payroll	588,533	609,914	624,274							
Contributions as a percentage of covered payroll	5.26%	4.70%	4.73%							

Notes to Required Supplementary Information

The net OPEB liability as of June 30, 2019, is based on the June 30, 2018, 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, 2019**

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Proportion of net OPEB liability	0.0999%	0.1138%								
Proportionate share of the net OPEB liability (asset)	\$ 712,061	\$ 941,075								
Covered payroll in year of measurement	\$ 556,323	\$ 628,640								
Share of the net OPEB liability (asset) as a percentage of its covered payroll	127.99%	149.70%								
Plan fiduciary net position as a percentage of total OPEB liability	64.24%	59.00%								

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 61,952	\$ 52,016	\$ 58,778							
Actual contribution	61,952	52,016	58,778							
Contribution deficiency (excess)	-	-	-							
Covered payroll	591,714	556,323	628,640							
Contributions as a percentage of covered payroll	10.47%	9.35%	9.35%							

Notes to Required Supplementary Information

The net OPEB liability as of June 30, 2019, is based on the June 30, 2018, 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 COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS June 30, 2019

	Municipal Aid Fund	Public Safety Fund	Rental Inspection Fund	Parks Fund	Total
Assets					
Cash in bank	\$ 130,468	\$ 7,292	\$ 3,851	\$ 129,211	\$ 270,822
Accounts receivable	11,278	-	-	-	11,278
Total assets	<u>\$ 141,746</u>	<u>\$ 7,292</u>	<u>\$ 3,851</u>	<u>\$ 129,211</u>	<u>\$ 282,100</u>
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 3,374	\$ 3,374
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,374</u>	<u>3,374</u>
Fund balances					
Assigned	141,746	7,292	3,851	125,837	278,726
Total fund balances	<u>141,746</u>	<u>7,292</u>	<u>3,851</u>	<u>125,837</u>	<u>278,726</u>
Total liabilities and fund balances	<u>\$ 141,746</u>	<u>\$ 7,292</u>	<u>\$ 3,851</u>	<u>\$ 129,211</u>	<u>\$ 282,100</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, 2019

	Municipal Aid Fund	Public Safety Fund	Rental Inspection Fund	Parks Fund	Total
Revenues					
Interest earned	\$ 564	\$ 22	\$ 14	\$ 796	\$ 1,396
Donations and other	-	2,323	-	1,625	3,948
Intergovernmental:					
State	121,557	-	-	-	121,557
Local	11,800	-	-	1,000	12,800
Total revenues	<u>133,921</u>	<u>2,345</u>	<u>14</u>	<u>3,421</u>	<u>139,701</u>
Expenditures					
Capital outlay - police	-	9,893	-	-	9,893
Police department	-	1,170	-	-	1,170
Recreation	-	-	-	11,267	11,267
Street maintenance	56,081	-	-	-	56,081
Park maintenance	-	-	-	54,215	54,215
Total expenditures	<u>56,081</u>	<u>11,063</u>	<u>-</u>	<u>65,482</u>	<u>132,626</u>
Excess (deficit) of revenues over (under) expenditures	<u>77,840</u>	<u>(8,718)</u>	<u>14</u>	<u>(62,061)</u>	<u>7,075</u>
Other financing sources (uses)					
Transfers in	30,000	-	-	88,243	118,243
Transfers out	(35,000)	-	-	-	(35,000)
Total other financing sources (uses)	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>88,243</u>	<u>83,243</u>
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	<u>72,840</u>	<u>(8,718)</u>	<u>14</u>	<u>26,182</u>	<u>90,318</u>
Fund balance, beginning of year	<u>68,906</u>	<u>16,010</u>	<u>3,837</u>	<u>99,655</u>	<u>188,408</u>
Fund balance, end of year	<u>\$ 141,746</u>	<u>\$ 7,292</u>	<u>\$ 3,851</u>	<u>\$ 125,837</u>	<u>\$ 278,726</u>

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

CITY OF BELLEVUE, KENTUCKY COMBINING BALANCE SHEET - PROPRIETARY FUNDS June 30, 2019

	Bellevue URCD Agency	Port Bellevue Rental Fund	Total
Assets			
Cash and cash equivalents	\$ 368,169	\$ 105,604	\$ 473,773
Accounts receivable - current	-	19,726	19,726
Fixed assets, net of depreciation	-	4,760,369	4,760,369
Total assets	<u>368,169</u>	<u>4,885,699</u>	<u>5,253,868</u>
Deferred outflow of resources			
Deferred loss on defeasance of bond	-	138,157	138,157
Total deferred outflow of resources	<u>-</u>	<u>138,157</u>	<u>138,157</u>
Total assets and deferred outflow of resources	<u>\$ 368,169</u>	<u>\$ 5,023,856</u>	<u>\$ 5,392,025</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ -	\$ 290	\$ 290
Bonds payable - current	-	134,313	134,313
Accrued interest	-	6,968	6,968
Bonds payable - noncurrent	-	2,382,451	2,382,451
Total liabilities	<u>-</u>	<u>2,524,022</u>	<u>2,524,022</u>
Fund balances			
Net investment in capital assets	-	2,381,762	2,381,762
Unrestricted	368,169	118,072	486,241
Total fund balances	<u>368,169</u>	<u>2,499,834</u>	<u>2,868,003</u>
Total liabilities and fund balances	<u>\$ 368,169</u>	<u>\$ 5,023,856</u>	<u>\$ 5,392,025</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, 2019

	Bellevue URCD Agency	Port Bellevue Rental Fund	Total
Operating revenues			
Rental income	\$ -	\$ 236,716	\$ 236,716
Total operating revenues	<u>-</u>	<u>236,716</u>	<u>236,716</u>
Operating expenses			
Riverfront Master Plan	-	-	-
Utilities	-	4,065	4,065
Repairs and maintenance	-	2,037	2,037
Depreciation	-	40,131	40,131
Economic development	16,200	-	16,200
Professional fees	-	-	-
Total operating expenses	<u>16,200</u>	<u>46,233</u>	<u>62,433</u>
Net operating income (loss)	<u>(16,200)</u>	<u>190,483</u>	<u>174,283</u>
Non-operating revenues (expenses)			
Interest expense	-	(95,946)	(95,946)
Interest earned	7,849	528	8,377
Transfers out	(11,500)	-	(11,500)
Total non-operating expenses	<u>(3,651)</u>	<u>(95,418)</u>	<u>(99,069)</u>
Change in net position	(19,851)	95,065	75,214
Net position, beginning of year	<u>388,020</u>	<u>2,404,769</u>	<u>2,792,789</u>
Net position, end of year	<u>\$ 368,169</u>	<u>\$ 2,499,834</u>	<u>\$ 2,868,003</u>

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

CITY OF BELLEVUE, KENTUCKY COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS June 30, 2019

	Capital Improvement Fund	Grant Capital Project Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 36,090	\$ 552	\$ 105	\$ 36,747
Due from other funds	-	-	-	-
Total assets	<u>\$ 36,090</u>	<u>\$ 552</u>	<u>\$ 105</u>	<u>\$ 36,747</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Interest payable	-	-	52,107	52,107
Total liabilities	<u>-</u>	<u>-</u>	<u>52,107</u>	<u>52,107</u>
Fund balances				
Assigned for				
Capital projects funds	36,090	552	-	36,642
Debt service funds	-	-	(52,002)	(52,002)
Total fund balances	<u>36,090</u>	<u>552</u>	<u>(52,002)</u>	<u>(15,360)</u>
Total liabilities and fund balances	<u>\$ 36,090</u>	<u>\$ 552</u>	<u>\$ 105</u>	<u>\$ 36,747</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, 2019

	Capital Improvement Fund	Grant Capital Project Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues				
From local sources				
Earnings on investments	\$ 647	\$ 371	\$ 174	\$ 1,192
Other local revenues	326	-	-	326
Intergovernmental state	-	140,984	-	140,984
Total revenues	<u>973</u>	<u>141,355</u>	<u>174</u>	<u>142,502</u>
Expenditures				
Supplies, maintenance, and repairs:				-
Administraion	13,012	-	21,114	34,126
Police department	-	-	-	-
Public works - road repair	-	422,662	-	422,662
Capital outlay equipment				
Police department	144,731	-	-	144,731
Public works	5,860	-	-	5,860
Debt service	-	-	293,657	293,657
Total expenditures	<u>163,603</u>	<u>422,662</u>	<u>314,771</u>	<u>901,036</u>
Excess (deficit) of revenues over (under) expenditures	<u>(162,630)</u>	<u>(281,307)</u>	<u>(314,597)</u>	<u>(758,534)</u>
Other financing sources (uses)				
Gain from sale of assets	17,455	-	-	17,455
Proceeds from borrowing	30,995	-	-	30,995
Operating transfers in	202,000	40,200	305,797	547,997
Operating transfers out	(72,927)	-	-	(72,927)
Total other financing sources (uses)	<u>177,523</u>	<u>40,200</u>	<u>305,797</u>	<u>523,520</u>
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	<u>14,893</u>	<u>(241,107)</u>	<u>(8,800)</u>	<u>(235,014)</u>
Fund balance, beginning of year	<u>21,197</u>	<u>241,659</u>	<u>(43,202)</u>	<u>219,654</u>
Fund balance, end of year	<u>\$ 36,090</u>	<u>\$ 552</u>	<u>\$ (52,002)</u>	<u>\$ (15,360)</u>

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



Van Gorder, Walker & Co., Inc.
Certified Public Accountants

Charles A. Van Gorder, CPA
Lori A. Owen, CPA
John R. Chamberlin, CPA, MBA
Members of AICPA & KyCPA
Licensed in Kentucky & Ohio

**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, 2019 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 7, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of 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.



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Certified Public Accountants

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 determination of financial statement amounts. 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 7, 2020