

CITY OF BELLEVUE, KENTUCKY

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2021

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ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the remaining aggregate fund information of the City of Bellevue, Kentucky, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

-Management's Responsibility for the Financial Statements

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

-Auditor's Responsibility

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

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

-Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2021 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 2, 2022 on our consideration of the City of Bellevue, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Bellevue, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bellevue, Kentucky's internal control over financial reporting and compliance.

Chamberlin Owen & Co., Inc.

Chamberlin Owen & Co., Inc.

Erlanger, Kentucky
February 2, 2022

City of Bellevue, Kentucky
Fiscal Year 2021
Management's Discussion and Analysis

Our discussion and analysis of the City of Bellevue's financial performance for the fiscal year ended June 30, 2021, 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 \$2.2 million, and the ending cash balance for the City was \$3.5 million.
- During fiscal 2021 the City's governmental funds revenues increased approximately \$590 thousand over the prior year revenues. The increase was due primarily to an increase in revenues from property tax of \$157 thousand and intergovernmental revenues of \$410 thousand.
- The City's governmental fund expenditures increased approximately \$3.3 million over the prior year expenses. \$2.5 million was used to pay the 2019 bond anticipation note in full in November 2020. The fire department had an increase in expenses of \$83 thousand.
- The City remains committed to increasing salaries above annual inflation rates to provide for merit increases in order to keep qualified employees.
- During fiscal year 2020, the City renewed the \$2.5 million bond anticipation note for two additional years that was used to purchase land on the city riverfront. The City paid this bond in full on November 12, 2020 with the proceeds from a \$3.1 million general obligation public project and refunding bond. See Note G on page 27 in the notes to financial statements. The City was also given the former Joe's Crab Shack building, estimated at \$1.6 million, when the restaurant closed permanently in March 2020, in exchange for allowing the restaurant to terminate the remainder of its lease.

The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 7 and 8) provide information about the activities of the City as a whole and present an overview of the City's finances. Fund financial statements are on pages 9 to 13, for governmental funds, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail the government-wide statements by providing information about the City's most financially significant funds.

REPORTING THE CITY AS A WHOLE

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

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

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

- Most of the City's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The modified accrual basis allows certain revenues to be recognized before actually received. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Positions and the Statement of Activities) and governmental funds in a reconciliation of the fund financial statements.

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

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government- wide and fund financial statements. The notes to the financial statements can be found on page 17 through 42 of this report.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$2,541,664 as of June 30, 2021. In accordance with GASB Statement No. 68 and GASB 75, in FY 2021 the City recognized \$6,741,115 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, 2021 and 2020.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current assets	\$ 4,659,706	\$ 3,862,163	\$ 396,234	\$ 389,535	\$ 5,055,940	\$ 4,251,698
Noncurrent assets, net	7,410,873	7,584,696	6,280,107	6,320,238	13,690,980	13,904,934
Total Assets	12,070,579	11,446,859	6,676,341	6,709,773	18,746,920	18,156,632
Deferred Outflows of Resources	1,795,707	1,557,508	117,507	127,832	1,913,214	1,685,340
Total Assets and Deferred Outflows	13,866,286	13,004,367	6,793,848	6,837,605	20,660,134	19,841,972
Liabilities						
Current liabilities	529,109	2,901,822	159,338	142,490	688,447	3,044,312
Noncurrent liabilities	1,488,672	10,569,953	2,103,824	2,248,137	3,592,496	12,818,090
Total Liabilities	2,017,781	13,471,775	2,263,162	2,390,627	4,280,943	15,862,402
Deferred Inflows of Resources	437,527	679,484	-	-	437,527	679,484
Total Liabilities and Deferred Inflows	2,455,308	14,151,259	2,263,162	2,390,627	4,718,470	16,541,886
Net Position						
Invested in capital assets, net of related debt	1,569,602	2,234,750	4,149,477	4,065,620	5,719,079	6,300,370
Restricted	334,799	443,698	381,209	381,358	716,008	825,056
Unrestricted	(3,893,423)	(3,825,340)	-	-	(3,893,423)	(3,825,340)
Total Net Postion	<u>\$ (1,989,022)</u>	<u>\$ (1,146,892)</u>	<u>\$ 4,530,686</u>	<u>\$ 4,446,978</u>	<u>\$ 2,541,664</u>	<u>\$ 3,300,086</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, 2021 the investment in the joint venture was a liability balance of \$2,296,045, which is \$384,101 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, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Revenues:		
Property taxes	\$ 1,812,159	\$ 1,655,016
Other taxes (Utility & Insurance premium-taxes)	1,169,273	1,134,632
License and permits	1,710,322	1,690,502
Intergovernmental grants	687,781	278,076
Charges for services	430,437	435,672
Investment income/fines and penalties	40,784	44,212
Other	33,485	56,037
Total Revenue	<u>5,884,241</u>	<u>5,294,147</u>
Expenses:		
Administration	912,773	929,154
Police department	1,559,316	1,523,226
Public works	780,458	814,410
Road/infrastructure & maintenance	815,148	104,552
Fire department-allotment	1,006,815	924,279
Parks and recreation/ community development	57,442	83,020
Capital outlay	40,043	34,259
Special projects & appropriations	175,627	182,613
Debt service and bond cost	2,853,797	316,184
Total Expense	<u>8,201,419</u>	<u>4,911,697</u>
Other Financing Sources (Uses)	<u>3,118,190</u>	<u>518,092</u>
Excess (deficit) of revenues over (under) expenditures	<u>\$ 801,012</u>	<u>\$ 900,542</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 2022 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, 2021

Assets	Governmental Activities	Business-Type Activities	Total
Current Assets			
Cash and cash equivalents	\$ 3,839,807	\$ 396,234	\$ 4,236,041
Accounts receivable			
Taxes - current	393,588	-	393,588
Taxes - delinquent	7,390	-	7,390
Other	267,160	-	267,160
Intergovernmental - other	18,656	-	18,656
Intergovernmental - federal thru state	88,255	-	88,255
Special Assessment	44,850	-	44,850
Total Current Assets	4,659,706	396,234	5,055,940
Noncurrent Assets			
Cash in escrow - KLC	20,209	-	20,209
Capital assets	10,146,378	7,053,550	17,199,928
Less: accumulated depreciation	(2,755,714)	(773,443)	(3,529,157)
Total capital assets, net of depreciation	7,390,664	6,280,107	13,670,771
Total Noncurrent Assets	7,410,873	6,280,107	13,690,980
Total Assets	12,070,579	6,676,341	18,746,920
Deferred Outflow of Resources			
Outflows related to pension and OPEB	1,669,692	-	1,669,692
Deferred loss on defeasance of bonds	126,015	117,507	243,522
Total Deferred Outflow of Resources	1,795,707	117,507	1,913,214
Total Assets and Deferred Outflow of Resources	13,866,286	6,793,848	20,660,134
Liabilities			
Current Liabilities			
Accounts payable	79,180	8,672	87,852
Accrued payroll and related expenses	120,292	-	120,292
Current portion of bond obligations	255,155	144,313	399,468
Current portion of capital lease obligations	37,680	-	37,680
Interest payable	36,802	6,353	43,155
Total Current Liabilities	529,109	159,338	688,447
Noncurrent Liabilities			
Noncurrent portion of bond obligations, net of costs	5,490,515	2,103,824	7,594,339
Noncurrent portion of capital lease obligations	183,936	-	183,936
Compensated absences	177,061	-	177,061
Investment in joint venture	2,296,045	-	2,296,045
Net pension and OPEB liability	6,741,115	-	6,741,115
Total Noncurrent Liabilities	14,888,672	2,103,824	16,992,496
Total Liabilities	15,417,781	2,263,162	17,680,943
Deferred Inflow of Resources			
Inflows related to pensions and OPEB	437,527	-	437,527
Total Liabilities and Deferred Inflow of Resources	15,855,308	2,263,162	18,118,470
Net Position			
Net investment in capital assets	1,569,602	4,149,477	5,719,079
Restricted for:			
Debt service	72,343	-	72,343
Capital projects	26,732	-	26,732
Special revenue projects	235,724	-	235,724
Community development	-	381,209	381,209
Unrestricted	(3,893,423)	-	(3,893,423)
Total Net Position	\$ (1,989,022)	\$ 4,530,686	\$ 2,541,664

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

CITY OF BELLEVUE, KENTUCKY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

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	\$ 1,086,094	\$ -	\$ -	\$ -	\$ (1,086,094)		\$ (1,086,094)
Police department	1,984,963	-	190,227	-	(1,794,736)		(1,794,736)
Public works	955,400	430,437	-	-	(524,963)		(524,963)
Fire department	1,390,916	-	48,302	-	(1,342,614)		(1,342,614)
Parks and recreation	67,402	-	5,802	-	(61,600)		(61,600)
Special appropriations	175,627	-	66,122	-	(109,505)		(109,505)
Interest on long-term debt	203,959	-	-	-	(203,959)		(203,959)
Road maintenance	815,148	-	377,328	-	(437,820)		(437,820)
Total Governmental Activities	6,679,509	430,437	687,781	-	(5,561,291)		(5,561,291)
Business-Type Activities							
Port Bellevue Rental	162,292	127,486	-	-		(34,806)	(34,806)
Bellevue URCD	16,200	-	-	-		(16,200)	(16,200)
Total Business-Type Activities	178,492	127,486	-	-		(51,006)	(51,006)
Total Primary Government	\$ 6,858,001	\$ 557,923	\$ 687,781	\$ -		(51,006)	(5,612,297)
		General Revenues					
		Taxes					
					1,670,041	-	1,670,041
					144,629	-	144,629
					208,820	-	208,820
					960,453	-	960,453
					1,710,322	-	1,710,322
					35,528	-	35,528
					5,256	714	5,970
					84,627	-	84,627
					33,485	-	33,485
					(134,000)	134,000	-
					4,719,161	134,714	4,853,875
					Change in Net Position	83,708	(758,422)
					Net Position, Beginning of Year	4,446,978	3,300,086
					Net Position, End of Year	\$ 4,530,686	\$ 2,541,664

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

CITY OF BELLEVUE, KENTUCKY BALANCE SHEET - GOVERNMENTAL FUNDS June 30, 2021

	General Fund	Special Revenue Funds	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 3,491,798	\$ 212,132	\$ 135,877	\$ 3,839,807
Receivables:				
Taxes - current	393,588	-	-	393,588
Taxes - delinquent	3,056	-	-	3,056
Other licenses and fees	267,160	-	-	267,160
Intergovernmental	63,022	43,889	-	106,911
Special assessment	44,850	-	-	44,850
Cash in escrow - KLC	20,209	-	-	20,209
Total assets	<u>\$ 4,283,683</u>	<u>\$ 256,021</u>	<u>\$ 135,877</u>	<u>\$ 4,675,581</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 58,883	\$ 20,297	\$ -	\$ 79,180
Accrued payroll and related expenses	120,292	-	-	120,292
Interest payable	-	-	36,802	36,802
Total liabilities	<u>179,175</u>	<u>20,297</u>	<u>36,802</u>	<u>236,274</u>
Fund balances				
Assigned for:				
Capital projects funds	-	-	26,732	26,732
Special revenue funds	-	235,724	-	235,724
Debt service fund	-	-	72,343	72,343
Sick leave reserve	177,061	-	-	177,061
Unassigned:	3,927,447	-	-	3,927,447
Total fund balances	<u>4,104,508</u>	<u>235,724</u>	<u>99,075</u>	<u>4,439,307</u>
Total liabilities and fund balances	<u>\$ 4,283,683</u>	<u>\$ 256,021</u>	<u>\$ 135,877</u>	<u>\$ 4,675,581</u>

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

<p>CITY OF BELLEVUE, KENTUCKY RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2021</p>

Total fund balance per fund financial statements	\$ 4,439,307
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p>	
<p>Capital assets are not reported in this fund's financial statement because they are not current financial resources, but they are reported in the statement of net position.</p>	7,390,664
<p>Investments in a joint venture in not reported in the funds, but are reported in the statement of net position.</p>	(2,296,045)
<p>Property tax to collect</p>	4,334
<p>Deferred losses on the defeasance of bonds are not included in the funds, but are recorded in the statement of net position.</p>	126,015
<p>Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, not reportable in the funds</p>	
Deferred outflow of resources - pensions	1,025,069
Deferred outflow of resources - OPEB	644,623
Deferred inflow of resources - pensions	(141,955)
Deferred inflow of resources - OPEB	(295,572)
<p>Certain liabilities are not reported in the fund's financial statement because they are not due and payable, but they are presented in the statement of net position.</p>	
Bond obligations, net of costs	(5,745,670)
Capital lease obligations - fire department	(217,622)
Capital lease obligations	(3,994)
Compensated absences	(177,061)
Net unfunded pension liability	(5,147,825)
Net unfunded OPEB liability	(1,593,290)
Net position for governmental activities	<u>\$ (1,989,022)</u>

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

CITY OF BELLEVUE, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

Revenues	General Fund	Special Revenue Funds	Nonmajor Governmental Funds	Total Governmental Funds
From local sources				
Taxes:				
Property	\$ 1,667,530	\$ -	\$ -	\$ 1,667,530
Motor vehicle	144,629	-	-	144,629
Utilities	208,820	-	-	208,820
Insurance premium tax	960,453	-	-	960,453
License, permits and fees:				
Payroll	1,437,737	-	-	1,437,737
Other	272,585	-	-	272,585
Fines and penalties	35,528	-	-	35,528
Earnings on investments	3,968	564	724	5,256
Charges for services	430,437	-	-	430,437
Other local revenues	27,764	4,042	1,679	33,485
Intergovernmental - local	153,226	4,619	144,142	301,987
Intergovernmental - state	66,715	117,569	-	184,284
Intergovernmental - federal indirect	178,351	23,159	-	201,510
Total revenues	5,587,743	149,953	146,545	5,884,241
Expenditures				
Administrative/legislature	883,214	2,250	27,309	912,773
Police department	1,557,023	843	1,450	1,559,316
Public works	777,280	-	3,178	780,458
Fire department	933,522	-	73,293	1,006,815
Community service/parks and recreation	-	57,442	-	57,442
Special appropriations	175,627	-	-	175,627
Capital outlay:				
Police department	-	-	36,253	36,253
Public works	-	-	3,790	3,790
Road maintenance	12,716	260,274	542,158	815,148
Debt service and capital lease	-	-	2,853,797	2,853,797
Total expenditures	4,339,382	320,809	3,541,228	8,201,419
Excess (deficit) of revenues over (under) expenditures	1,248,361	(170,856)	(3,394,683)	(2,317,178)

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, 2021

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
(From previous page)				
Excess (deficit) of revenues over (under) expenditures	<u>\$ 1,248,361</u>	<u>\$ (170,856)</u>	<u>\$ (3,394,683)</u>	<u>\$ (2,317,178)</u>
Other financing sources (uses)				
Proceeds from sale of assets	-	-	111,027	111,027
Proceeds from borrowings	-	-	3,141,163	3,141,163
Operating transfers in	500,000	-	774,204	1,274,204
Operating transfers (out)	<u>(838,450)</u>	<u>-</u>	<u>(569,754)</u>	<u>(1,408,204)</u>
Total other financing sources (uses)	<u>(338,450)</u>	<u>-</u>	<u>3,456,640</u>	<u>3,118,190</u>
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	909,911	(170,856)	61,957	801,012
Fund balances, beginning of year	<u>3,194,597</u>	<u>406,580</u>	<u>37,118</u>	<u>3,638,295</u>
Fund balances, end of year	<u><u>\$ 4,104,508</u></u>	<u><u>\$ 235,724</u></u>	<u><u>\$ 99,075</u></u>	<u><u>\$ 4,439,307</u></u>

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

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

Net change in fund balances-total governmental funds	\$ 801,012
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense:</p>	
Capital asset purchases capitalized	40,044
Depreciation expense	(187,467)
Gain on disposal of fixed assets	(26,400)
Amount of deferred loss on defeasance of bonds	(10,506)
<p>The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which new borrowings of \$3,141,163 were more than repayments of \$2,660,343.</p>	
	(480,820)
Liability increase for compensated absences payable	(14,810)
<p>The changes to the City's Joint Venture in the Bellevue-Dayton Fire Department are not recognized in the funds, but are recorded as (increases) decreases in expenditures in the statement of activities</p>	
	(384,101)
<p>Governmental funds report City pension contributions as expenditures, however, in the statement of activities, the cost of pension benefits earned net of employer contributions is reported as pension expense</p>	
Cost of benefits earned - pensions	(447,890)
Cost of benefits earned - OPEB	(133,703)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. This year's amount is \$4,334 and last year's amount was \$1,823.</p>	
	<u>2,511</u>
Change in net position of governmental activities	<u>\$ (842,130)</u>

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

CITY OF BELLEVUE, KENTUCKY Statement of Net Position - Proprietary Funds June 30, 2021

Assets

Current assets	
Cash and cash equivalents	\$ 396,234
Accounts receivable	-
Total current assets	<u>396,234</u>
Noncurrent assets	
Capital assets	5,453,550
Capital asset held for sale	1,600,000
Less: accumulated depreciation	<u>(773,443)</u>
Total noncurrent assets	<u>6,280,107</u>

Total assets

6,676,341

Deferred outflow of resources

Deferred loss on defeasance of bonds	<u>117,507</u>
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Total assets and deferred outflow of resources

6,793,848

Liabilities

Current liabilities	
Accounts payable	8,672
Current portion of long term obligation	144,313
Accrued interest payable	<u>6,353</u>
Total current liabilities	159,338
Noncurrent liabilities	
Noncurrent portion of bond obligations	<u>2,103,824</u>

Total liabilities

2,263,162

Net position

Net investment in capital assets	4,149,477
Unrestricted	<u>381,209</u>

Total net position

\$ 4,530,686

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, 2021**

Operating revenue	
Rental income	\$ 126,716
Other income	770
Total operating revenue	<u>127,486</u>
Operating expenses	
Utilities	15,234
Depreciation	40,131
Economic development cost	16,200
Other fees	18,127
Total operating expenses	<u>89,692</u>
Operating income	<u>37,794</u>
Non-operating revenues (expenses)	
Interest income	714
Interest expense	(88,800)
Transfers in	134,000
Total non-operating revenues (expenses)	<u>45,914</u>
Net income	83,708
Net position, beginning of year	<u>4,446,978</u>
Net position, end of year	<u>\$ 4,530,686</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, 2021

Cash flows from operating activities

Cash received from		
Revenue from rent	\$	147,835
Other revenue		770
Cash paid to/for		
Utilities		(15,998)
Economic development projects		(16,200)
Other fees		(10,204)

Net change in cash from operating activities 106,203

Cash flows from non-capital financing activities

Transfer in		134,000
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Net change in cash from non-capital financing activities 134,000

Cash flows from capital and related financing activities

Interest paid		(78,786)
Principle paid on bonds		(134,313)

Net change in cash from capital and related financing activities (213,099)

Cash flows from investing activities

Interest income		714
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Net change in cash from investing activities 714

Change in cash and cash equivalents 27,818

Cash and cash equivalents, beginning of year 368,416

Cash and cash equivalents, end of year \$ 396,234

Reconciliation of operating income to net cash provided by operating activities

Operating income \$ 37,794

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

Depreciation 40,131

Change in assets and liabilities

 Account receivable 21,119

 Accounts payable 7,159

Net change in cash from operating activities \$ 106,203

Schedule of non-cash transactions

Depreciation \$ 40,131

Amortization of loss on bond defeasance 10,325

\$ 50,456

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

CITY OF BELLEVUE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021

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, 2021

(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, 2021

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 2020 property tax rates assessed for the year ended June 30, 2021, to finance the General Fund operations were \$0.352 per \$100 valuation for real property, and \$0.560 per \$100 valuation for business personal property and \$.385 per \$100 valuation for motor vehicles. Vehicle tax is collected by the County Clerk of Campbell County and are due and collected in the birth month of the vehicles' licensee.

Other Taxes

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

Capital Assets

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

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

<p>CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021</p>

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

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

Inter-fund Balances

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

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the City, an eligible employee with over 27 years of service for non-hazardous or 20 years for hazardous employment will receive retirement credit for the amount of work hours equal to accumulated sick leave hours up to 960 hours. The Kentucky County Employee Retirement System will calculate the credit at the time of an employee’s retirement. At June 30, 2021, the total sick leave payable is \$177,061 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, 2021

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, 2021.

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, of (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, 2021.

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, 2021 for Debt Service, Capital Projects, Special Revenue Projects, and Community Development.

CITY OF BELLEVUE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Net Position

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

Operating Revenues and Expenses

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

Contributions of Capital

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

Inter-fund Activity

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

Pensions

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

Other Post-Employment Benefits

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

<p>CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021</p>

from CERS' fiduciary net position has been determined on the same basis of as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Reclassifications

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

NOTE B – ESTIMATES

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

NOTE C – CASH AND CASH EQUIVALENTS

At year-end the carrying amount of the City's total cash and cash equivalents was \$4,236,041; 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, 2021 consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
Cash and cash equivalents	<u>\$ 4,557,530</u>	<u>\$ 4,236,041</u>
Breakdown per financial statements:		
Governmental funds		\$ 3,839,807
Proprietary funds		<u>396,234</u>
Total		<u>\$ 4,236,041</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, 2021 was a liability of (\$2,296,045). This liability increased \$384,101 from the previous year.

The City had no other investments at June 30, 2021.

CITY OF BELLEVUE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE E – CAPITAL ASSETS

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

	Balance			Balance
Governmental Activities	June 30, 2020	Additions	Deletions	June 30, 2021
Land	\$ 3,847,424	\$ -	\$ (25,000)	\$ 3,822,424
Land improvements	396,090	-	-	396,090
Building and improvements	1,128,044	-	-	1,128,044
Playground equipment	115,891	-	-	115,891
Furniture and equipment	395,113	14,544	(7,950)	401,707
Vehicles and machinery	607,989	25,500	(32,471)	601,018
Harbor Green/Infrastructure	2,555,750	-	-	2,555,750
Streetscape/Infrastructure	697,540	-	-	697,540
Pedestrian bridge/Infrastructure	427,914	-	-	427,914
Construction in progress	-	-	-	-
Totals at historical cost	<u>10,171,755</u>	<u>40,044</u>	<u>(65,421)</u>	<u>10,146,378</u>
Less accumulated depreciation				
Land improvements - parks	(196,305)	(7,164)	-	(203,469)
Building and improvements	(541,995)	(25,095)	-	(567,090)
Playground equipment	(115,891)	-	-	(115,891)
Furniture and equipment	(298,793)	(31,727)	7,950	(322,570)
Vehicles and machinery	(479,827)	(49,856)	31,071	(498,612)
Infrastructure	(974,457)	(73,625)	-	(1,048,082)
Total accumulated depreciation	<u>(2,607,268)</u>	<u>(187,467)</u>	<u>39,021</u>	<u>(2,755,714)</u>
Governmental Activities Capital Assets - Net	<u>\$ 7,564,487</u>	<u>\$ (147,423)</u>	<u>\$ (26,400)</u>	<u>\$ 7,390,664</u>
<u>Business Type Activites</u>				
Land and land improvements				
Total at historical cost	\$ 7,053,550	\$ -	\$ -	\$ 7,053,550
Less accumulated depreciation	<u>(733,312)</u>	<u>(40,131)</u>	<u>-</u>	<u>(773,443)</u>
Business Type Activities Capital Assets - Net	<u>\$ 6,320,238</u>	<u>\$ (40,131)</u>	<u>\$ -</u>	<u>\$ 6,280,107</u>

Depreciation was charged to functions as follows:

Governmental Activities	
Administration	\$ 12,973
Police Department	64,552
Public Works & Infrastructure	99,982
Parks & Recreation	9,960
Total governmental activities depreciation expense	<u>\$ 187,467</u>

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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, 2021</u>
Vehicles and equipment	\$ 40,353
FDBD fire truck	217,622
	<u>\$ 257,975</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, 2021:

<u>Year Ending June 30,</u>	<u>Capital Lease Payable</u>
2022	\$ 44,134
2023	40,106
2024	40,106
2025	40,106
2026	40,106
2027	40,106
Total minimum lease payments	<u>244,664</u>
Less: Amount representing interest	(23,048)
Present Value of Net Minimum Lease Payments	<u>\$ 221,616</u>

NOTE G – LONG TERM DEBT

The City has four general obligation public project bond issues outstanding at June 30, 2021, the Series 2020 and 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.

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.

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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 2020 General Obligation Public Project and Refunding Bonds

On November 12, 2020, the City issued \$3,100,000 in Series 2020 General Obligation Public Project and Refunding Bonds. The proceeds were used to pay off the \$2,500,000 2019 Bond Anticipation Note that was maturing on March 1, 2021. All bonds mature on November 1 of each year beginning in 2021 and ending in 2040. Interest is payable semi-annually at a rate of 2.00% on May 1 and November 1 of each year and principal is due in annual installments on November 1 through 2040.

Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the City, at June 30, 2021 for debt services (principal and interest) are as follows:

Fiscal Year	Harbor Green Governmental Activities Public Project Bonds		Port Bellewe Business Type Activities Public Project Bonds	
	Principal	Interest	Principal	Interest
	2022	\$ 255,000	\$ 124,275	\$ 145,000
2023	260,000	119,905	155,000	69,769
2024	280,000	114,655	165,000	64,981
2025	290,000	109,055	170,000	59,812
2026	310,000	103,011	180,000	54,269
2027-2031	1,795,000	407,794	985,000	175,282
2032-2036	1,650,000	178,730	455,000	17,034
2037-2040	895,000	45,550	\$ 2,255,000	\$ 515,266
Totals	\$ 5,735,000	\$ 1,202,975		

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

A summary of the City's long-term bond debt at June 30, 2021 is as follows:

Description	Balance June 30, 2020	Issued	Paid	Balance June 30, 2021	Due Within One Year
Governmental Activities					
Bonds Payable:					
Series 2012 REF	\$ 2,735,000	\$ -	\$ (100,000)	\$ 2,635,000	\$ 130,000
2012 Bond Discount	(31,650)	-	1,157	(30,493)	(1,505)
Series 2017 and 2019	2,500,000	-	(2,500,000)	-	-
Series 2020	-	3,100,000	-	3,100,000	125,000
2020 Bond Premium	-	41,163	-	41,163	1,660
Total Governmental Activities	\$ 5,203,350	\$ 3,141,163	\$ (2,598,843)	\$ 5,745,670	\$ 255,155
Business Type Activities					
Bonds Payable:					
Series 2011 REF	\$ 1,755,000	\$ -	\$ (95,000)	\$ 1,660,000	\$ 105,000
Series 2014 REF	635,000	-	(40,000)	595,000	40,000
2014 REF Premium	8,993	-	(691)	8,302	691
2011 REF Discount	(16,543)	-	1,378	(15,165)	(1,378)
Total Business Activities	\$ 2,382,450	\$ -	\$ (134,313)	\$ 2,248,137	\$ 144,313

NOTE H – COMMITMENTS UNDER NONCAPITALIZED LEASES

The City had no commitments under operating lease agreements as of June 30, 2021.

NOTE I – COUNTY EMPLOYEES' RETIREMENT SYSTEM

Plan description - Employees are covered by CERS (County Employees' Retirement System), a cost-sharing multiple-employer defined benefit pension and health insurance (Other Post-Employment Benefits; OPEB) plan administered by the Kentucky Public Pension Authority (KPPA), 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 Public Pension Authority administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Public Pension Authority System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

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

CITY OF BELLEVUE, KENTUCKY
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JUNE 30, 2021

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

	Non-Hazardous		Non-Hazardous	
	Pension	OPEB	Pension	OPEB
Active Plan Members	81,506	81,147	9,474	9,470
Inactive Plan Members	91,543	29,362	3,422	856
Retired Members	64,539	36,371	10,023	6,853
	<u>237,588</u>	<u>146,880</u>	<u>22,919</u>	<u>17,179</u>
Number of participating employers		<u>1,139</u>		<u>266</u>

PENSION PLAN

Non-Hazardous Pension Plan Description

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

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

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

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

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

<p>CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021</p>

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 and 55 years old, or any age with 20 years of service.
	Reduced retirement	15 years service and 50 years old
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 or any age with 25 years of service.
	Reduced retirement	15 years service and 50 years old
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 or service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum.

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

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

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

Contributions

For non-hazardous duty employees, the City contributed 24.06%, of which 19.30% was for the pension fund and 4.76% was for the health insurance fund, of the non-hazardous duty covered-employee's compensation during the fiscal year ended June 30, 2021.

For hazardous duty employees, the City contributed 39.58% of which 30.06% was for the pension fund and 9.52% was for the health insurance fund, of the hazardous duty covered-employee's compensation

CITY OF BELLEVUE, KENTUCKY
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JUNE 30, 2021

during the fiscal year ended June 30, 2020.

The City made all required contributions for the non-hazardous Plan pension obligation for the fiscal year in the amount of \$133,258, of which \$106,894 was for the pension fund and \$26,364 was for the health insurance fund.

The City made all required contributions for the hazardous Plan obligation for the fiscal year in the amount of \$256,844, of which \$195,067 was for the pension fund and \$61,778 was for the health insurance fund.

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

At June 30, 2021, the City reported a liability of \$5,147,825 as its proportionate share of the net pension liability (\$1,917,403 for the non-hazardous plan and \$3,230,422 for the hazardous duty plan) The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At the June 30, 2020 measurement year, the City's non-hazardous employer allocation proportion was 0.02500% of the total CERS non-hazardous duty employees and the hazardous employer allocation proportion was 0.10714% of the total CERS hazardous duty employees. For the year ended June 30, 2021, the City recognized a pension expense of \$447,890 in addition to its \$301,961 pension contribution.

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

	Non-Hazardous		Hazardous		Total	
	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	\$ 47,814	\$ -	\$ 100,188	\$ -	\$ 148,002	\$ -
Net difference between projected and actual earnings on plan investments	83,113	(35,132)	122,332	(49,558)	205,445	(84,690)
Changes of assumptions	74,871	-	122,516	-	197,387	-
Changes in proportion and differences between contributions and proportionate share of contributions	63,237	(27,792)	109,037	(29,473)	172,274	(57,265)
Contributions subsequent to the measurement date	106,894	-	195,067	-	301,961	-
	<u>\$ 375,929</u>	<u>\$ (62,924)</u>	<u>\$ 649,140</u>	<u>\$ (79,031)</u>	<u>\$ 1,025,069</u>	<u>\$ (141,955)</u>

The City's contributions subsequent to the measurement date of \$301,961 will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

Measurement Year Ending June 30,	Net Deferral
2021	\$ 233,625
2022	183,101
2023	100,308
2024	64,118
2025	-
Thereafter	-
	\$ 581,152

Actuarial Assumptions

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

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

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

Changes of Assumptions

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

CITY OF BELLEVUE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
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Discount Rate

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

Plan Target Allocation

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

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

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

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

	Proportionate Share of Net Pension Liability		
	1% Decrease	Current Rate	1% Increase
	5.25%	6.25%	7.25%
Non-hazardous	\$ 2,364,575	\$ 1,917,403	\$ 1,547,127
Hazardous	3,992,342	3,230,422	2,608,494
Total	\$ 6,356,917	\$ 5,147,825	\$ 4,155,621

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

HEALTH INSURANCE – OTHER POST-EMPLOYMENT BENEFITS

Non-Hazardous OPEB Plan Description

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

Tier 1	Participation date	Before July 1, 2003
	Benefit eligibility	Recipient of a retirement allowance
	Percentage of member premium paid by the plan	< 4 years service - 0% 4-9 years service - 25% 10-14 years service - 50% 15-19 years service - 75% 20 or more years service - 100%
Tier 2	Participation date	July 1, 2003 - August 31, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 120 months of service at retirement
	Member premium paid by the plan	\$10/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 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:

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

Hazardous OPEB Plan Description

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

<p>CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021</p>

Tier 1	Participation date	Before July 1, 2003
	Benefit eligibility	Recipient of a retirement allowance
	Percentage of member premium paid by the plan	< 4 years service - 0% 4-9 years service - 25% 10-14 years service - 50% 15-19 years service - 75% 20 or more years service - 100%
Tier 2	Participation date	July 1, 2003 - August 31, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 120 months of service at retirement
	Member premium paid by the plan	\$15/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2018, the contribution was \$20.07 per month.
Tier 3	Participation date	On or after September 1, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 180 months of service at retirement
	Member premium paid by the plan	\$15/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2018, the contribution was \$20.07 per month.

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

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

Contributions

Contribution requirements for covered employees and participating governmental entities are established and may be amended by the KPPA Trustees. The contractually required contribution rate for governmental entities for the year ended June 30, 2021, was 4.76% of covered-employee payroll for non-hazardous duty employees and 9.52% for hazardous duty employees, actuarially determined as an amount that is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the City were \$26,364 for non-hazardous duty employees and \$61,778 for hazardous duty employees for the year ended June 30, 2021.

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

At June 30, 2021, the City reported a liability of \$1,593,290 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all governmental entities, actuarially determined. At the June 30, 2020 measurement date, the City's proportion of the non-hazardous plan was 0.02499% and the hazardous plan was 0.10711%.

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

For the year ended June 30, 2021, the City recognized an OPEB expense of \$133,703 in addition to its \$88,141 contribution. 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	\$ 100,829	\$ (100,908)	\$ 33,966	\$ (98,843)	\$ 134,795	\$ (199,751)
Net difference between projected and actual earnings on plan investments	32,372	(12,314)	73,292	(29,355)	105,664	(41,669)
Changes of assumptions	104,970	(638)	161,476	(912)	266,446	(1,550)
Changes in proportion and differences between contributions and proportionate share of contributions	18,304	(23,859)	31,272	(28,742)	49,576	(52,601)
Contributions subsequent to the measurement date	26,364	-	61,778	-	88,142	-
	<u>\$ 282,839</u>	<u>\$ (137,719)</u>	<u>\$ 361,784</u>	<u>\$ (157,852)</u>	<u>\$ 644,623</u>	<u>\$ (295,571)</u>

The City's contributions subsequent to the measurement date, \$88,142 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Measurement Year Ending June 30,	Net Deferral
2021	\$ 61,956
2022	51,533
2023	68,114
2024	63,503
2025	15,804
Thereafter	-
	<u>\$ 260,910</u>

Actuarial Assumptions

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

Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal
Asset valuation method	20% of the difference between the market value of assets

<p>CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021</p>

Amortization method	and the expected actuarial value of assets is recognized
Amortization period	Level percentage of payroll
Payroll growth rate	25 years, closed
Investment rate of return	2.00%
Inflation	6.25%
Salary increases	2.30%
Mortality	3.30-11.55%, varies by service
Investment rate of return	RP-2000 Combined Mortality Table projected to 2013 with Scale BB (set-back 1 year for females)
Mortality:	6.25%, net of pension plan expense, including inflation, RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set-back 1 year for females)
Healthcare trend rates (Pre-65):	Initial trend starting at 7.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2019 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Healthcare trend rates (Post-65):	Initial trend starting at 5.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years. The 2019 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Phase-in provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

Changes of Assumptions

The discount rates used to calculate the total OPEB liability decreased from 5.68% to 5.34% for the non-hazardous plan and from 5.69% to 5.30% for the hazardous plan. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2019 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. Also, the June 30, 2020 GASB No. 74 actuarial information reflects the anticipated savings from the repeal of the “Cadillac Tax” and “Health Insurer Fee”, which occurred in December of 2019. The assumed load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11% to reflect the repeal of the Health Insurer Fee. There were no other material assumption changes.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.34% for the non-hazardous plan and 5.30% 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.

CITY OF BELLEVUE, KENTUCKY
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Plan Target Allocation

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

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

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

The following presents the proportionate share of the net OPEB liability calculated using the discount rates of 5.34% for the non-hazardous plan and 5.30% for the hazardous plan, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Proportionate Share of Net OPEB Liability		
	1.00% Decrease	Current Rate	1.00% Increase
Discount Rate, Non-Hazardous	4.34%	5.34%	6.34%
Net OPEB liability, Non-Haz	\$ 775,296	\$ 603,481	\$ 462,364
Discount Rate, Hazardous	4.30%	5.30%	6.30%
Net OPEB liability, Haz	\$ 1,343,641	\$ 989,809	\$ 704,693
Total	<u>\$ 2,118,937</u>	<u>\$ 1,593,290</u>	<u>\$ 1,167,057</u>

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	\$ 467,245	\$ 603,481	\$ 768,806
Net OPEB liability, hazardous	707,347	989,809	1,337,073
Total	<u>\$ 1,174,592</u>	<u>\$ 1,593,290</u>	<u>\$ 2,105,879</u>

CITY OF BELLEVUE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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).

<p>CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021</p>

NOTE N – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City has obtained insurance coverage through the Kentucky League of Cities Municipal Risk Management Association. All risk general liability management activities are accounted for in the General Fund. Expenditures and claims are recognized when probable that a loss has occurred, and the amount of loss can be reasonable estimated.

The City Attorney estimates that the amount of actual or potential claims against the City as of June 30, 2021, will not materially affect the financial condition of the City. Therefore, the General Fund contains no provision for estimated claims. No claim has exceeded insurance coverage amounts in the past three fiscal years.

NOTE 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 – TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Operating	General	Proprietary	Funding	\$ 134,000
Operating	General	Capital Improvement	Funding	198,000
Operating	General	Debt Service	Debt Service	165,000
Operating	Capital Improvement	Debt Service	Debt Service	69,754
Operating	Proprietary	General	Funding	500,000
Operating	General	Grant/Capital Project	Funding	341,450
				<u>\$ 1,408,204</u>

CITY OF BELLEVUE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE Q – IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

Statement No. 84 – *Fiduciary Activities* – The implementation of this standard had no significant effect on the City.

Statement No. 89 – *Accounting for Interest Cost in Construction Projects* – The implementation of this standard had no significant effect on the City.

Statement No. 90 – *Majority Equity Interests* – The implementation of this standard had no significant effect on the City.

NOTE R – FUTURE ACCOUNTING STANDARDS

Statement No. 87 – *Leases* – FY 2022

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

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

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

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

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

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

NOTE S – COVID-19 GLOBAL PANDEMIC

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

The primary effects on the City from the COVID-19 Global Pandemic has been a reduction in payroll and occupational license tax revenue received and an increase in unbudgeted expenses for personal protective equipment. City Management is unsure of a timeline for when, or if, these revenues and expenses will return to pre-pandemic levels. The 2021-22 fiscal-year budget has been passed to incorporate the effects of the pandemic on the revenues and expenses.

NOTE T – CARES ACT FUNDING

In response to the COVID-19 Global Pandemic, the City has qualified and been approved for \$171,797 in Federal CARES Act funding passed through the Commonwealth of Kentucky's Department for Local Government. This funding has been designated to reimburse the City for payroll expenses for public safety employees during the pandemic. The City has recognized these funds as intergovernmental grants and has recognized \$42,992 of these funds as an accounts receivable at June 30, 2021.

CITY OF BELLEVUE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE U – SUBSEQUENT EVENTS

Management has evaluated events through February 2, 2022, the date on which the financial statements were available for issue. The City had two events subsequent to June 30, 2021 through February 2, 2022 to disclose.

The City received its first portion of the Federally funded American Recovery Plan Act (ARPA) grant in the amount of \$742,035 in July 2021. These funds are designated for specific uses, and any amount unused by December 31, 2024, will need to be returned.

On August 11, 2021, the City entered into an agreement with a developer to issue 2021A City of Bellevue Taxable Industrial Building Revenue Bonds in amount of \$24,000,000, and 2021B City of Bellevue Taxable Special Obligation Industrial Building Revenue Bonds in the amount of \$4,500,000, and 2021C City of Bellevue Taxable Special Obligation Industrial Building Revenue Bonds in the amount of \$1,500,000 to provide financial assistance to a private-sector developer for the construction The Reserves of Bellevue (former Shady Terrace) Project within the City. The bonds are secured by the properties financed and are payable solely from the developer. Neither the City nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements.

On September 9, 2021, the City issued General Obligation Refunding Bonds, Series 2021 in the amount of \$1,740,000 to pay off Series 2011 bonds in the amount of \$1,660,000.

CITY OF BELLEVUE, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
From local sources:				
Taxes				
Property	\$ 1,665,960	\$ 1,665,960	\$ 1,667,530	\$ 1,570
Motor vehicle	116,145	116,145	144,629	28,484
Utilities	193,134	193,134	208,820	15,686
Insurance premium license	921,622	921,622	960,453	38,831
Payroll tax	1,287,222	1,287,222	1,437,737	150,515
Other license, permits, and fees	212,690	212,690	272,585	59,895
Earnings on investments	6,500	6,500	3,968	(2,532)
Fines and penalties	27,400	27,400	35,528	8,128
Charges for services	430,543	430,543	430,437	(106)
Other local revenue	40,000	40,000	27,764	(12,236)
Intergovernmental - local	60,598	60,598	153,226	92,628
Intergovernmental - state	71,880	71,880	66,715	(5,165)
Intergovernmental - federal	875,400	875,400	178,351	(697,049)
Total revenues	5,909,094	5,909,094	5,587,743	(321,351)
Expenditures				
Administrative and legislative				
Salaries and benefits	536,260	561,790	548,493	13,297
Other	362,529	357,241	334,721	22,520
Police department				
Salaries and benefits	1,454,721	1,506,234	1,464,876	41,358
Other	126,400	111,366	92,147	19,219
Public works department				
Salaries and benefits	343,021	353,223	338,788	14,435
Other	455,750	481,502	438,492	43,010
Special appropriations				
Bellevue/Dayton fire dept. allotment	933,522	933,522	933,522	-
Other	248,900	262,200	175,627	86,573
FEMA - landslide	1,000,000	1,000,000	12,716	987,284
Capital outlay	-	-	-	-
Total expenditures	5,461,103	5,567,078	4,339,382	1,227,696
Excess (deficiency) of revenues over (under) expenditures	447,991	342,016	1,248,361	906,345

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
(From previous page)				
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 447,991</u>	<u>\$ 342,016</u>	<u>\$ 1,248,361</u>	<u>\$ 906,345</u>
Other financing sources (uses)				
Operating transfers in	-	-	500,000	500,000
Operating transfers (out)	<u>(691,000)</u>	<u>(838,450)</u>	<u>(838,450)</u>	<u>-</u>
Total other financing (uses) sources	<u>(691,000)</u>	<u>(838,450)</u>	<u>(338,450)</u>	<u>500,000</u>
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	(243,009)	(496,434)	909,911	1,406,345
Fund balance, beginning of year	<u>3,194,597</u>	<u>3,194,597</u>	<u>3,194,597</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 2,951,588</u></u>	<u><u>\$ 2,698,163</u></u>	<u><u>\$ 4,104,508</u></u>	<u><u>\$ 1,406,345</u></u>

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

CITY OF BELLEVUE, KENTUCKY**Required Supplementary Information - Multiple Employer, Cost Sharing, Defined Benefit Pension****Plan Disclosure - NON-HAZARDOUS****For the Year Ended June 30, 2021****Schedule of the City's Proportionate Share of the Net Pension Liability
County Employees' Retirement Plan (CERS)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of net pension liability	0.02500%	0.02360%	0.0246%	0.0256%	0.0261%	0.0267%	0.0260%			
Proportionate share of the net pension liability (asset)	\$ 1,917,403	\$ 1,659,658	\$ 1,498,702	\$ 1,500,788	\$ 1,284,119	\$ 1,148,926	\$ 842,921			
Covered payroll in year of measurement	\$ 644,199	\$ 588,533	\$ 609,914	\$ 624,274	\$ 623,195	\$ 577,861	\$ 530,516			
Share of the net pension liability (asset) as a percentage of its covered payroll	297.64%	282.00%	245.72%	240.41%	206.05%	198.82%	158.89%			
Plan fiduciary net position as a percentage of total pension liability	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%			

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 106,894	\$ 124,330	\$ 95,460	\$ 88,316	\$ 87,086	\$ 77,401	\$ 73,677	\$ 72,893		
Actual contribution	106,894	124,330	95,460	88,316	87,086	77,401	73,677	72,893		
Contribution deficiency (excess)	-	-	-	-	-	-	-	-		
Covered payroll	553,857	644,199	588,533	609,914	624,274	623,195	577,861	530,516		
Contributions as a percentage of covered payroll	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%	13.74%		

Notes to Required Supplementary Information

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

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of net pension liability	0.1071%	0.1032%	0.0999%	0.1138%	0.1361%	0.1430%	0.1346%			
Proportionate share of the net pension liability (asset)	\$ 3,230,422	\$ 2,849,363	\$ 2,415,289	\$ 2,546,896	\$ 2,334,600	\$ 2,194,939	\$ 1,617,619			
Covered payroll in year of measurement	\$ 623,635	\$ 591,714	\$ 556,323	\$ 628,640	\$ 751,879	\$ 686,039	\$ 716,402			
Share of the net pension liability (asset) as a percentage of its covered payroll	518.00%	481.54%	434.15%	405.14%	310.50%	319.94%	225.80%			
Plan fiduciary net position as a percentage of total pension liability	44.11%	46.63%	49.26%	49.80%	53.95%	57.52%	63.46%			

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 195,067	\$ 187,465	\$ 147,100	\$ 123,504	\$ 136,487	\$ 152,331	\$ 157,446	\$ 155,961		
Actual contribution	195,067	187,465	147,100	123,504	136,487	152,331	157,446	155,961		
Contribution deficiency (excess)	-	-	-	-	-	-	-	-		
Covered payroll	648,925	623,635	591,714	556,323	628,640	751,879	686,039	716,402		
Contributions as a percentage of covered payroll	30.06%	30.06%	24.86%	22.20%	21.71%	20.26%	22.95%	21.77%		

Notes to Required Supplementary Information

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

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of net OPEB liability	0.0250%	0.0236%	0.0246%	0.0256%						
Proportionate share of the net OPEB liability (asset)	\$ 603,481	\$ 396,807	\$ 436,892	\$ 515,452						
Covered payroll in year of measurement	\$ 644,199	\$ 588,533	\$ 609,914	\$ 624,274						
Share of the net OPEB liability (asset) as a percentage of its covered payroll	93.68%	67.42%	71.63%	82.57%						
Plan fiduciary net position as a percentage of total OPEB liability	51.67%	60.44%	57.62%	52.40%						

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 26,364	\$ 30,664	\$ 30,957	\$ 28,666	\$ 29,528					
Actual contribution	26,364	30,664	30,957	28,666	29,528					
Contribution deficiency (excess)	-	-	-	-	-					
Covered payroll	553,857	644,199	588,533	609,914	624,274					
Contributions as a percentage of covered payroll	4.76%	4.76%	5.26%	4.70%	4.73%					

Notes to Required Supplementary Information

The net OPEB liability as of June 30, 2021, is based on the June 30, 2020, 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, 2021****Schedule of the City's Proportionate Share of the Net OPEB Liability
County Employees' Retirement Plan (CERS)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of net OPEB liability	0.1071%	0.1031%	0.0999%	0.1138%						
Proportionate share of the net OPEB liability (asset)	\$ 989,809	\$ 763,032	\$ 712,061	\$ 941,075						
Covered payroll in year of measurement	\$ 623,635	\$ 591,714	\$ 556,323	\$ 628,640						
Share of the net OPEB liability (asset) as a percentage of its covered payroll	158.72%	128.95%	127.99%	149.70%						
Plan fiduciary net position as a percentage of total OPEB liability	58.84%	64.44%	64.24%	59.00%						

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 61,778	\$ 59,370	\$ 61,952	\$ 52,016	\$ 58,778					
Actual contribution	61,778	59,370	61,952	52,016	58,778					
Contribution deficiency (excess)	-	-	-	-	-					
Covered payroll	648,925	623,635	591,714	556,323	628,640					
Contributions as a percentage of covered payroll	9.52%	9.52%	10.47%	9.35%	9.35%					

Notes to Required Supplementary Information

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

	<u>Municipal Aid Fund</u>	<u>Public Safety Fund</u>	<u>Rental Inspection Fund</u>	<u>Parks Fund</u>	<u>Total</u>
Assets					
Cash in bank	\$ 185,835	\$ 9,947	\$ 1,616	\$ 14,734	\$ 212,132
Accounts receivable	43,889	-	-	-	43,889
Total assets	<u>\$ 229,724</u>	<u>\$ 9,947</u>	<u>\$ 1,616</u>	<u>\$ 14,734</u>	<u>\$ 256,021</u>
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 16,679	\$ -	\$ -	\$ 3,618	\$ 20,297
Total liabilities	<u>16,679</u>	<u>-</u>	<u>-</u>	<u>3,618</u>	<u>20,297</u>
Fund balances					
Assigned	213,045	9,947	1,616	11,116	235,724
Total fund balances	<u>213,045</u>	<u>9,947</u>	<u>1,616</u>	<u>11,116</u>	<u>235,724</u>
Total liabilities and fund balances	<u>\$ 229,724</u>	<u>\$ 9,947</u>	<u>\$ 1,616</u>	<u>\$ 14,734</u>	<u>\$ 256,021</u>

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

CITY OF BELLEVUE, KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2021

	Municipal Aid Fund	Public Safety Fund	Rental Inspection Fund	Parks Fund	Total
Revenues					
Interest earned	\$ 507	\$ 8	\$ 3	\$ 46	\$ 564
Donations and other	375	-	-	3,667	4,042
Intergovernmental:					
State and Federal - indirect	140,728	-	-	-	140,728
Local	-	2,619	-	2,000	4,619
Total revenues	141,610	2,627	3	5,713	149,953
Expenditures					
Administration	-	-	2,250	-	2,250
Police department	-	843	-	-	843
Recreation	-	-	-	290	290
Street maintenance	260,274	-	-	-	260,274
Park maintenance	-	-	-	57,152	57,152
Total expenditures	260,274	843	2,250	57,442	320,809
Excess (deficit) of revenues over (under) expenditures	(118,664)	1,784	(2,247)	(51,729)	(170,856)
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	(118,664)	1,784	(2,247)	(51,729)	(170,856)
Fund balance, beginning of year	331,709	8,163	3,863	62,845	406,580
Fund balance, end of year	\$ 213,045	\$ 9,947	\$ 1,616	\$ 11,116	\$ 235,724

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

CITY OF BELLEVUE, KENTUCKY COMBINING BALANCE SHEET - PROPRIETARY FUNDS June 30, 2021

	Bellevue URCD Agency	Port Bellevue Rental Fund	Total
Assets			
Cash and cash equivalents	\$ 341,655	\$ 54,579	\$ 396,234
Accounts receivable - current	-	-	-
Fixed assets, net of depreciation	-	6,280,107	6,280,107
Total assets	<u>341,655</u>	<u>6,334,686</u>	<u>6,676,341</u>
Deferred outflow of resources			
Deferred loss on defeasance of bond	-	117,507	117,507
Total deferred outflow of resources	<u>-</u>	<u>117,507</u>	<u>117,507</u>
Total assets and deferred outflow of resources	<u>\$ 341,655</u>	<u>\$ 6,452,193</u>	<u>\$ 6,793,848</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ -	\$ 8,672	\$ 8,672
Bonds payable - current	-	144,313	144,313
Accrued interest	-	6,353	6,353
Bonds payable - noncurrent	-	2,103,824	2,103,824
Total liabilities	<u>-</u>	<u>2,263,162</u>	<u>2,263,162</u>
Fund balances			
Net investment in capital assets	-	4,149,477	4,149,477
Unrestricted	341,655	39,554	381,209
Total fund balances	<u>341,655</u>	<u>4,189,031</u>	<u>4,530,686</u>
Total liabilities and fund balances	<u>\$ 341,655</u>	<u>\$ 6,452,193</u>	<u>\$ 6,793,848</u>

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

<p>CITY OF BELLEVUE, KENTUCKY COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS For the Year Ended June 30, 2021</p>

	Bellevue URCD Agency	Port Bellevue Rental Fund	Total
Operating revenues			
Rental income	\$ -	\$ 126,716	\$ 126,716
Other income	-	770	770
Total operating revenues	<u>-</u>	<u>127,486</u>	<u>127,486</u>
Operating expenses			
Utilities	-	15,234	15,234
Depreciation	-	40,131	40,131
Economic development	16,200	-	16,200
Other fees	-	18,127	18,127
Total operating expenses	<u>16,200</u>	<u>73,492</u>	<u>89,692</u>
Net operating income (loss)	<u>(16,200)</u>	<u>53,994</u>	<u>37,794</u>
Non-operating revenues (expenses)			
Interest expense	-	(88,800)	(88,800)
Interest earned	643	71	714
Transfers in	-	134,000	134,000
Total non-operating expenses	<u>643</u>	<u>45,271</u>	<u>45,914</u>
Change in net position	(15,557)	99,265	83,708
Net position, beginning of year	<u>357,212</u>	<u>4,089,766</u>	<u>4,446,978</u>
Net position, end of year	<u>\$ 341,655</u>	<u>\$ 4,189,031</u>	<u>\$ 4,530,686</u>

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

CITY OF BELLEVUE, KENTUCKY COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS June 30, 2021

	Capital Improvement Fund	Grant Capital Project Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 24,414	\$ 2,318	\$ 109,145	\$ 135,877
Due from other funds	-	-	-	-
Total assets	<u>\$ 24,414</u>	<u>\$ 2,318</u>	<u>\$ 109,145</u>	<u>\$ 135,877</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Interest payable	-	-	36,802	36,802
Total liabilities	<u>-</u>	<u>-</u>	<u>36,802</u>	<u>36,802</u>
Fund balances				
Assigned for				
Capital projects funds	24,414	2,318	-	26,732
Debt service funds	-	-	72,343	72,343
Total fund balances	<u>24,414</u>	<u>2,318</u>	<u>72,343</u>	<u>99,075</u>
Total liabilities and fund balances	<u>\$ 24,414</u>	<u>\$ 2,318</u>	<u>\$ 109,145</u>	<u>\$ 135,877</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, 2021

	<u>Capital Improvement Fund</u>	<u>Grant Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues				
From local sources				
Earnings on investments	\$ 142	\$ 250	\$ 332	\$ 724
Other local revenues	1,079	600	-	1,679
Intergovernmental - local	-	144,142	-	144,142
Total revenues	<u>1,221</u>	<u>144,992</u>	<u>332</u>	<u>146,545</u>
Expenditures				
Supplies, maintenance, and repairs:				-
Administraion	27,309	-	-	27,309
Police department	1,450	-	-	1,450
Public works	3,178	-	-	3,178
Road maintenance	-	542,158	-	542,158
Fire department	73,293	-	-	73,293
Capital outlay equipment				
Police department	36,253	-	-	36,253
Public works	3,790	-	-	3,790
Debt service	-	-	2,853,797	2,853,797
Total expenditures	<u>145,273</u>	<u>542,158</u>	<u>2,853,797</u>	<u>3,541,228</u>
Excess (deficit) of revenues over (under) expenditures	<u>(144,052)</u>	<u>(397,166)</u>	<u>(2,853,465)</u>	<u>(3,394,683)</u>
Other financing sources (uses)				
Gain from sale of assets	11,027	-	100,000	111,027
Proceeds from bond issue	-	-	3,141,163	3,141,163
Operating transfers in	198,000	341,450	234,754	774,204
Operating transfers out	(69,754)	-	(500,000)	(569,754)
Total other financing sources (uses)	<u>139,273</u>	<u>341,450</u>	<u>2,975,917</u>	<u>3,456,640</u>
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(4,779)</u>	<u>(55,716)</u>	<u>122,452</u>	<u>61,957</u>
Fund balance, beginning of year	<u>29,193</u>	<u>58,034</u>	<u>(50,109)</u>	<u>37,118</u>
Fund balance, end of year	<u>\$ 24,414</u>	<u>\$ 2,318</u>	<u>\$ 72,343</u>	<u>\$ 99,075</u>

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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Bellevue, Kentucky as of June 30, 2021 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 2, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Chamberlin Owen & Co., Inc.

Chamberlin Owen & Co., Inc.

Erlanger, Kentucky

February 2, 2022