

CITY OF BELLEVUE, KENTUCKY

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2023

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ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2023

TABLE OF CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-9
Basic Financial Statements	
<i>Government - Wide Financial Statements</i>	
Statement of Net Position.....	10
Statement of Activities.....	11
<i>Fund Financial Statements</i>	
Balance Sheet - Governmental Funds.....	12
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	13
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	14-15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	16
Statement of Net Position - Proprietary Funds.....	17
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.....	18
Statement of Cash Flows - Proprietary Funds.....	19
Notes to Financial Statements	20-45
Required Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - General Fund.....	46-47
Multiple Employer, Cost Sharing, Defined Benefit Pension Plan Disclosures.....	48-49
Multiple Employer, Cost Sharing, Defined Benefit OPEB Plan Disclosure	50-51
Supplementary Information	
Combining Balance Sheet - Non-Major Special Revenue Funds.....	52
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Special Revenue Funds.....	53
Combining Balance Sheet - Proprietary Funds.....	54
Combining Statement of Revenue, Expenses and Changes in Net Position - Proprietary Funds.....	55
Combining Balance Sheet - Other Non-Major Governmental Funds.....	56
Combining Statement of Revenues, Expenditures and Changes In Fund Balance - Other Non-Major Governmental Funds.....	57

Single Audit Section	
Schedule of Expenditure of Federal Awards.....	58
Schedule of Findings and Questioned Costs.....	59-60
Summary Schedule of Prior Audit Findings.....	61
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	
	62-63
Independent Auditor's Report on Compliance for Each Major Program and Internal Control Over Compliance Required by the Uniform Guidance.....	
	64-66

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellevue, Kentucky, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Bellevue, Kentucky's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellevue, Kentucky as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with accounting standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Bellevue, Kentucky and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Bellevue, Kentucky's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing

standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Bellevue, Kentucky's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Bellevue, Kentucky's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, and *Multiple Employer, Cost Sharing, Defined Benefit Pension and OPEB Plan* disclosures be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bellevue, Kentucky's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the combining financial statements of non-major special revenue funds, proprietary funds, and other non-major governmental funds 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the combining financial statements of non-major special revenue funds, proprietary funds, and other non-major governmental funds are fairly stated, in all material respects, in relation to the basic 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 14, 2024, 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 City of Bellevue, Kentucky's internal control over financial reporting and compliance.

Chamberlin Owen & Co., Inc.

Chamberlin Owen, & Co., Inc.

Erlanger, Kentucky

February 14, 2024

**City of Bellevue, Kentucky
Management's Discussion and Analysis
For The Fiscal Year Ended June 30, 2023**

Our discussion and analysis of the City of Bellevue, Kentucky's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the City's basic financial statements.

USING THIS ANNUAL REPORT

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

Financial Highlights

Key financial highlights for the fiscal year 2023 are as follows:

- The general fund's beginning cash balance for the City was \$5.57 million, and the ending cash balance for the City was \$4.95 million.
- During fiscal 2023, the City's governmental funds revenues increased approximately \$2.27 million over the prior year revenues. The increase was due primarily to an increase in revenues from federal intergovernmental revenues of \$1.34 million, an increase of \$440 thousand in payroll, licenses, permits and fees, and a \$243 thousand increase in property taxes.
- The City's governmental fund expenditures increased approximately \$1.55 million over the prior year expenses. The increase was due primarily to a \$1 million increase in FEMA landslide grant expenditures and \$434 thousand increase in capital asset purchases paid with funds through a \$403 thousand grant from the American Recovery Plan Act (ARPA).
- The City remains committed to increasing salaries above annual inflation rates to provide for merit increases in order to keep qualified employees.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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, and intergovernmental revenues (governmental activities). The governmental activities of the City include administrative/legislative, police, public works, fire department (Bellevue/Dayton fire department allotment), parks and recreation, special appropriations, and road maintenance. Fixed assets are also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 10-11 of this report.

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 City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City are governmental funds, with the exception of the Port Bellevue Rental Fund and Bellevue Urban Renewal Community Development Agency, which are proprietary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains individual governmental funds. Information is presented separately in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Municipal Road Aid Fund, Public Safety Fund, Rental Inspection Fund, Parks Fund, Capital Improvement Fund, Grant Capital Project Fund, and Debt Service Fund. Business-type activities of the City are not included in these statements.

These basic governmental fund financial statements can be found on pages 12-16 of this report.

Proprietary funds: Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information on the Bellevue Urban Renewal Community Development Agency (URCD) Fund and Port Bellevue Rental Fund.

The basic proprietary fund financial statements can be found on pages 17-19 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-45 of this report.

GOVERNMENT WIDE FINANCIAL ANALYSIS

The net position for all governmental and business-type activities for the years ended June 30, 2023 and 2022 were as follows:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current assets	\$ 7,361,400	\$ 6,900,429	\$ 619,814	\$ 421,737	\$ 7,981,214	\$ 7,322,166
Noncurrent assets, net	7,714,216	7,372,846	6,196,592	6,220,592	13,910,808	13,593,438
Deferred outflows	1,234,552	1,298,669	39,314	43,245	1,273,866	1,341,914
Total Assets and Deferred Outflows of Resources	16,310,168	15,571,944	6,855,720	6,685,574	23,165,888	22,257,518
Current liabilities	1,017,640	1,561,157	197,221	188,386	1,214,861	1,749,543
Long-term liabilities	14,724,033	14,303,625	1,813,988	1,994,431	16,538,021	16,298,056
Deferred inflows	594,512	1,184,805	-	-	594,512	1,184,805
Total Liabilities and Deferred Inflow of Resources	16,336,185	17,049,587	2,011,209	2,182,817	18,347,394	19,232,404
Net Position:						
Net investment in capital assets	2,414,412	1,813,905	4,241,475	4,093,963	6,655,887	5,907,868
Restricted	603,317	235,442	-	-	603,317	235,442
Unrestricted	(3,043,746)	(3,526,990)	603,036	408,794	(2,440,710)	(3,118,196)
Total Net Position	\$ (26,017)	\$ (1,477,643)	\$ 4,844,511	\$ 4,502,757	\$ 4,818,494	\$ 3,025,114

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 \$4,991,068 as of June 30, 2023.

A large portion of the City's net position (approximately \$6.65 million) reflects its investment in capital assets (e.g., land, buildings and improvements, playground equipment, furniture and equipment, vehicles and machinery, and infrastructure); less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (approximately \$603 thousand) represents resources that are subject to restrictions on how they may be used. Restricted assets are composed of funds held for the Municipal Road Aid Fund and Debt Service Fund.

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, 2023 the investment in the joint venture had a liability balance of \$2,623,452, which is \$172,574 more than the prior year.

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.

The following points explain the major changes impacting net position as shown on the previous page.

- Cash and cash equivalents decreased \$319 thousand due to \$403 thousand expenditures of ARPA funds which had been received in the FY 2022.
- Net capital assets (capital assets less the debt associated with those assets) increased \$748 thousand. The majority of the change was due is \$557 thousand in capital assets purchased and \$436 thousand in long-term debt that was paid off.
- Deferred liabilities decreased \$403 thousand due to ARPA funds that were deferred upon receipt but were recognized and expended in FY 2023.
- Deferred inflows of resources decreased by \$590 thousand largely due to a decrease in changes in proportion and difference between employer contributions and proportionate share contributions for the net pension and net OPEB liabilities.
- The city has (\$3.04 million) of unrestricted net position as of June 30, 2023.

For the years ended June 30, 2023 and 2022, net position for all governmental and business-type activities changed as follows:

	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for services	\$ 440,476	\$ 435,626	\$ 297,730	\$ 265,092	\$ 738,206	\$ 700,718
Operating grants and contributions	362,563	742,432	-	-	362,563	742,432
Capital grants	1,775,113	-	-	-	1,775,113	-
General Revenues:						
Taxes	3,611,656	3,275,587	-	-	3,611,656	3,275,587
Other revenues	2,604,436	2,064,688	8,458	282	2,612,894	2,064,970
Total Revenues	<u>8,794,244</u>	<u>6,518,333</u>	<u>306,188</u>	<u>265,374</u>	<u>9,100,432</u>	<u>6,783,707</u>
Expenses:						
Admin/Legislative	1,136,789	1,058,773	-	-	1,136,789	1,058,773
Police department	1,922,602	1,747,741	-	-	1,922,602	1,747,741
Public works	888,281	911,591	-	-	888,281	911,591
Fire department	1,306,340	1,277,420	-	-	1,306,340	1,277,420
Parks and recreation	39,766	77,798	-	-	39,766	77,798
Special appropriations	152,833	181,621	-	-	152,833	181,621
Interest on long-term debt	135,007	139,904	-	-	135,007	139,904
Road maintenance	156,926	192,313	-	-	156,926	192,313
FEMA - landslide	1,435,874	444,793	-	-	1,435,874	-
Port Bellevue Rental	-	-	112,384	248,053	112,384	-
Bellevue URDC	-	-	20,250	20,250	20,250	20,250
Total expenses	<u>7,174,418</u>	<u>6,031,954</u>	<u>132,634</u>	<u>268,303</u>	<u>7,307,052</u>	<u>5,607,411</u>
Change in net position before transfers and other expenses	1,619,826	486,379	173,554	(2,929)	1,793,380	1,176,296
Transfers	(168,200)	25,000	168,200	(25,000)	-	-
Change in net position	<u>1,451,626</u>	<u>511,379</u>	<u>341,754</u>	<u>(27,929)</u>	<u>1,793,380</u>	<u>483,450</u>
Net position - July 1	<u>(1,477,643)</u>	<u>(1,989,022)</u>	<u>4,502,757</u>	<u>4,530,686</u>	<u>3,025,114</u>	<u>2,541,664</u>
Net position - June 30	<u>\$ (26,017)</u>	<u>\$ (1,477,643)</u>	<u>\$ 4,844,511</u>	<u>\$ 4,502,757</u>	<u>\$ 4,818,494</u>	<u>\$ 3,025,114</u>

Governmental activities increased the City's net position by \$1,451,627. Key elements of this increase are as follows:

- Property tax collections increased \$243 thousand.
- Operating grants and contributions increased by \$1.78 million due to the City receiving \$1.16 million in reimbursements for expenses from the FEMA landslide grant, \$403 thousand in ARPA funds, and \$134 thousand in transportation grants for the Donnemeyer, Lincoln Road, Grandview, and Riverfront Commons projects.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$5,902,117, an increase of \$1.0 million compared to the prior year. This total consists of: General Fund, \$5,146,737; Municipal Road Aid Fund, \$607,492; Public Safety Fund, \$17,234 Parks Fund \$69,871; and all other non-major funds, \$60,783.

The General Fund is the chief operating fund of the City. At the end of the fiscal year, the unassigned fund balance of the General Fund was \$4,971,750. The total fund balance increased \$551,877.

All other funds balances increased \$465,135. This increase is primarily due to an increase in operating transfers in from the General Fund.

Proprietary Funds

The City has two proprietary funds, the Bellevue Urban Renewal Community Development Agency (URCD) Fund and Port Bellevue Rental Fund and had net positions of \$305,706 and 4,538,805, respectively. These funds showed an increase in net position of \$341,754 as result of revenues in the Port Bellevue fund exceeding expenditures.

DEBT ADMINISTRATION AND CAPITAL ASSETS

Long-term Debt

At June 30, 2023, the City had \$7,373,980 in outstanding debt. The following is a summary of the City's debt transactions during the years ended June 30, 2023 and 2022:

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Capital lease payable	\$ 149,256	\$ 183,936	\$ -	\$ -	\$ 149,256	\$ 183,936
Bonds payable	5,230,293	5,490,515	1,994,431	2,169,874	7,224,724	7,660,389
Totals	<u>\$ 5,379,549</u>	<u>\$ 5,674,451</u>	<u>\$ 1,994,431</u>	<u>\$ 2,169,874</u>	<u>\$ 7,373,980</u>	<u>\$ 7,844,325</u>

Additional information on the City of Bellevue's long-term debt can be found in Note H on pages 29-31 of this report.

Capital Assets

The capital assets were reported for the fiscal years ended as follows:

	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Capital assets not being depreciated:				
Land	\$ 3,897,424	\$ 3,847,424	\$ 5,428,550	\$ 5,428,550
Capital assets being depreciated:				
Land improvements	396,090	396,090	-	-
Buildings and improvements	1,428,534	1,128,044	-	-
Playground equipment	115,891	115,891	-	-
Furniture and equipment	438,240	400,649	-	-
Vehicles and machinery	767,719	680,010	-	-
Harbor Greene/infrastructure	2,555,750	2,555,750	-	-
Streetscape/infrastructure	697,540	697,540	-	-
Pedestrian bridge/infrastructure	427,914	427,914	-	-
Subtotal	10,725,102	10,249,312	5,428,550	5,428,550
Accumulated depreciation	(3,036,150)	(2,899,108)	(831,958)	(807,958)
Totals	\$ 7,688,952	\$ 7,350,204	\$ 4,596,592	\$ 4,620,592

Additional information on the City's capital assets can be found in Note F on page 28.

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 2024 budget provides adequate resources for the continuation of services and programs at the present levels.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances. If you have questions about this report or need additional financial information, contact the City Administrator at the city building at 616 Poplar Street, Bellevue, Kentucky 41073.

CITY OF BELLEVUE, KENTUCKY
Statement of Net Position
June 30, 2023

Assets	Governmental Activities	Business-Type Activities	Total
Current Assets			
Cash and cash equivalents	\$ 5,715,127	\$ 591,821	\$ 6,306,948
Accounts receivable			
Taxes	603,546	-	603,546
Other	369,179	27,993	397,172
Intergovernmental	508,900	-	508,900
Special Assessment	134,966	-	134,966
Due From Other Funds	29,682	-	29,682
Total Current Assets	7,361,400	619,814	7,981,214
Noncurrent Assets			
Cash in escrow - KLC	25,264	-	25,264
Asset held for sale	-	1,600,000	1,600,000
Capital assets	10,725,102	5,428,550	16,153,652
Less: accumulated depreciation	(3,036,150)	(831,958)	(3,868,108)
Total capital assets, net of depreciation	7,688,952	4,596,592	12,285,544
Total Noncurrent Assets	7,714,216	6,196,592	13,910,808
Total Assets	15,075,616	6,816,406	21,892,022
Deferred Outflow of Resources			
Outflows related to pension and OPEB	1,129,543	-	1,129,543
Deferred loss on defeasance of bonds	105,009	39,314	144,323
Total Deferred Outflow of Resources	1,234,552	39,314	1,273,866
Total Assets and Deferred Outflow of Resources	16,310,168	6,855,720	23,165,888
Liabilities			
Current Liabilities			
Accounts payable	203,655	5,999	209,654
Accrued payroll and related expenses	115,981	-	115,981
Current portion of bond obligations	260,222	180,443	440,665
Current portion of capital lease obligations	35,703	-	35,703
Interest payable	34,115	3,010	37,125
Unearned revenue - ARPA funds	346,051	-	346,051
Due to other fund	21,913	7,769	29,682
Total Current Liabilities	1,017,640	197,221	1,214,861
Noncurrent Liabilities			
Noncurrent portion of bond obligations, net of costs	4,970,071	1,813,988	6,784,059
Noncurrent portion of capital lease obligations	113,553	-	113,553
Compensated absences	174,987	-	174,987
Unearned revenue - ARPA funds	757,394	-	757,394
Investment in joint venture	2,623,452	-	2,623,452
Net pension and OPEB liability	6,084,576	-	6,084,576
Total Noncurrent Liabilities	14,724,033	1,813,988	16,538,021
Total Liabilities	15,741,673	2,011,209	17,752,882
Deferred Inflow of Resources			
Inflows related to pensions and OPEB	594,512	-	594,512
Total Liabilities and Deferred Inflow of Resources	16,336,185	2,011,209	18,347,394
Net Position			
Net investment in capital assets	2,414,412	4,241,475	6,655,887
Restricted	603,317	-	603,317
Unrestricted	(3,043,746)	603,036	(2,440,710)
Total Net Position	\$ (26,017)	\$ 4,844,511	\$ 4,818,495

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

CITY OF BELLEVUE, KENTUCKY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

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	\$ 1,136,790	\$ -	\$ 121,423	\$ -	\$ (1,015,367)		\$ (1,015,367)
Police department	1,922,602	-	115,606	43,546	(1,763,450)		(1,763,450)
Public works	888,281	440,476	-	360,403	(87,402)		(87,402)
Fire department	1,306,340	-	-	-	(1,306,340)		(1,306,340)
Parks and recreation	39,766	-	-	-	(39,766)		(39,766)
Special appropriations	152,833	-	-	-	(152,833)		(152,833)
Interest on long-term debt	135,007	-	-	-	(135,007)		(135,007)
Road maintenance	156,926	-	125,534	-	(31,392)		(31,392)
Infrastructure	1,435,874	-	-	1,371,164	(64,710)		(64,710)
Total Governmental Activities	7,174,418	440,476	362,563	1,775,113	(4,596,266)		(4,596,266)
Business-Type Activities							
Port Bellevue Rental	112,384	297,730	-	-		185,346	185,346
Bellevue URCD	20,250	-	-	-		(20,250)	(20,250)
Total Business-Type Activities	132,634	297,730	-	-		165,096	165,096
Total Primary Government	\$ 7,307,052	\$ 738,206	\$ 362,563	\$ 1,775,113		165,096	(4,431,170)
		General Revenues					
		Taxes					
					1,994,320	-	1,994,320
					178,265	-	178,265
					305,933	-	305,933
					1,133,138	-	1,133,138
					2,381,959	-	2,381,959
					101,747	-	101,747
					31,960	8,458	40,418
					26,890	-	26,890
					61,880	-	61,880
					(168,200)	168,200	-
					6,047,892	176,658	6,224,550
					Change in Net Position	341,754	1,793,380
					Net Position, Beginning of Year	4,502,757	3,025,114
					Net Position, End of Year	\$ 4,844,511	\$ 4,818,494

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

CITY OF BELLEVUE, KENTUCKY BALANCE SHEET - GOVERNMENTAL FUNDS June 30, 2023
--

	General Fund	Non-major Special Revenue Funds	Other Non-major Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 4,953,780	\$ 684,063	\$ 77,284	\$ 5,715,127
Receivables:				
Taxes - current	587,257	-	-	587,257
Taxes - delinquent	10,851	-	-	10,851
Other licenses and fees	369,179	-	-	369,179
Intergovernmental	391,499	117,401	-	508,900
Special assessment	134,966	-	-	134,966
Cash in escrow - KLC	25,264	-	-	25,264
Due from other funds	-	12,000	17,682	29,682
Total assets	<u>\$ 6,472,796</u>	<u>\$ 813,464</u>	<u>\$ 94,966</u>	<u>\$ 7,381,226</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 84,720	\$ 118,867	\$ 68	\$ 203,655
Accrued payroll and related expenses	115,981	-	-	115,981
Deferred revenue - ARPA funds	1,103,445	-	-	1,103,445
Interest payable	-	-	34,115	34,115
Due to other funds	21,913	-	-	21,913
Total liabilities	<u>1,326,059</u>	<u>118,867</u>	<u>34,183</u>	<u>1,479,109</u>
Fund balances				
Non-spendable	-	-	-	-
Restricted	-	607,492	(4,175)	603,317
Committed	-	87,105	64,958	152,063
Assigned	174,987	-	-	174,987
Unassigned	4,971,750	-	-	4,971,750
Total fund balances	<u>5,146,737</u>	<u>694,597</u>	<u>60,783</u>	<u>5,902,117</u>
Total liabilities and fund balances	<u>\$ 6,472,796</u>	<u>\$ 813,464</u>	<u>\$ 94,966</u>	<u>\$ 7,381,226</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, 2023</p>
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Total fund balance per fund financial statements	\$ 5,902,117
<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>	7,688,952
<p>Investments in a joint venture in not reported in the funds, but are reported in the statement of net position.</p>	(2,623,452)
<p>Property tax to collect</p>	5,438
<p>Deferred losses on the defeasance of bonds are not included in the funds, but are recorded in the statement of net position.</p>	105,009
<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	705,663
Deferred outflow of resources - OPEB	423,880
Deferred inflow of resources - pensions	(157,829)
Deferred inflow of resources - OPEB	(436,683)
<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	(5,230,293)
Capital lease obligations - fire department	(149,256)
Compensated absences	(174,987)
Net unfunded pension liability	(4,764,936)
Net unfunded OPEB liability	(1,319,640)
Net position for governmental activities	<u><u>\$ (26,017)</u></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, 2023

Revenues	General Fund	Non-major Special Revenue Funds	Other Non-major Governmental Funds	Total Governmental Funds
From local sources				
Taxes:				
Property	\$ 1,998,195	\$ -	\$ -	\$ 1,998,195
Motor vehicle	178,265	-	-	178,265
Utilities	305,933	-	-	305,933
Insurance premium tax	1,133,138	-	-	1,133,138
License, permits and fees:				
Payroll	2,099,925	-	-	2,099,925
Other	282,034	-	-	282,034
Fines and penalties	101,747	-	-	101,747
Earnings on investments	18,721	10,714	2,525	31,960
Charges for services	440,476	-	-	440,476
Other local revenues	41,947	7,933	12,000	61,880
Special Assessment	66,987	-	-	66,987
Intergovernmental - local	100,421	5,645	-	106,066
Intergovernmental - state	163,398	-	-	163,398
Intergovernmental - federal indirect	1,598,382	202,841	-	1,801,223
Total revenues	8,529,569	227,133	14,525	8,771,227
Expenditures				
Administrative/legislature	1,115,131	-	16,698	1,131,829
Police department	1,763,622	2,239	5,124	1,770,985
Public works	806,235	-	5,470	811,705
Fire department	1,133,766	-	-	1,133,766
Community service/parks and recreation	-	47,285	-	47,285
Special appropriations	152,833	-	-	152,833
Capital outlay:				
Police department	65,308	-	130,046	195,354
Public works	360,403	-	1,300	361,703
Road maintenance	-	156,926	-	156,926
Grant Projects Infrastructure	1,327,148	108,726	-	1,435,874
Debt service and capital lease	-	-	419,409	419,409
Total expenditures	6,724,446	315,176	578,047	7,617,669
Excess (deficit) of revenues over (under) expenditures	1,805,123	(88,043)	(563,522)	1,153,558

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, 2023

	General Fund	Non-major Special Revenue Funds	Other Non-major Governmental Funds	Total Governmental Funds
(From previous page)				
Excess (deficit) of revenues over (under) expenditures	\$ 1,805,123	\$ (88,043)	\$ (563,522)	\$ 1,153,558
Other financing sources (uses)				
Proceeds from sale of assets	26,654	-	5,000	31,654
Proceeds from borrowings	-	-	-	-
Operating transfers in	-	506,600	645,206	1,151,806
Operating transfers (out)	(1,279,900)	-	(40,106)	(1,320,006)
Total other financing sources (uses)	(1,253,246)	506,600	610,100	(136,546)
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	551,877	418,557	46,578	1,017,012
Fund balances, beginning of year	4,594,860	276,040	14,205	4,885,105
Fund balances, end of year	<u>\$ 5,146,737</u>	<u>\$ 694,597</u>	<u>\$ 60,783</u>	<u>\$ 5,902,117</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, 2023</p>

Net change in fund balances-total governmental funds \$ 1,017,012

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

Governmental funds report capital outlays as expenditures.

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

Capital asset purchases capitalized	557,057
Fixed assets sold - cost basis	(4,764)
Depreciation expense	(213,545)

Amount of deferred loss on defeasance of bonds	(10,503)
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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 \$0 were less than repayments of \$294,902.

294,902

Liability increase for compensated absences payable	(8,435)
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The changes to the City's Joint Venture in the Bellevue-Dayton Fire Department are not recognized in the funds, but are recorded as (increases) decreases in expenditures in the statement of activities

(172,574)

Governmental funds report City pension contributions as expenditures, however, in the statement of activities, the cost of pension benefits earned net of employer contributions is reported as pension expense

Cost of benefits earned - pensions	(85,397)
Cost of benefits earned - OPEB	81,747

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 \$5,438 and last year's amount was \$9,318.

(3,875)

Change in net position of governmental activities	<u>\$ 1,451,626</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF BELLEVUE, KENTUCKY Statement of Net Position - Proprietary Funds June 30, 2023

Assets

Current assets	
Cash and cash equivalents	\$ 591,821
Accounts receivable	27,993
Total current assets	<u>619,814</u>
Noncurrent assets	
Asset held for sale	1,600,000
Capital assets	5,428,550
Less: accumulated depreciation	<u>(831,958)</u>
Total noncurrent assets	<u>6,196,592</u>

Total assets 6,816,406

Deferred outflow of resources

Deferred loss on defeasance of bonds	<u>39,314</u>
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Total assets and deferred outflow of resources 6,855,720

Liabilities

Current liabilities	
Accounts payable	5,999
Current portion of long term obligation	180,443
Accrued interest payable	3,010
Due to debt service fund	<u>7,769</u>
Total current liabilities	197,221
Noncurrent liabilities	
Noncurrent portion of bond obligations	<u>1,813,988</u>

Total liabilities 2,011,209

Net position

Net investment in capital assets	4,241,475
Unrestricted	<u>603,036</u>

Total net position \$ 4,844,511

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, 2023**

Operating revenue	
Rental income	\$ 277,279
Intergovernmental - Federal	20,451
Other income	-
Total operating revenue	<u>297,730</u>
Operating expenses	
Facilities	18,228
Utilities	3,737
Depreciation	24,000
Economic development cost/project	45,815
Total operating expenses	<u>91,780</u>
Operating income	<u>205,950</u>
Non-operating revenues (expenses)	
Interest income	8,458
Interest expense	(40,854)
Transfers in	168,200
Total non-operating revenues (expenses)	<u>135,804</u>
Net profit	341,754
Net position, beginning of year	<u>4,502,757</u>
Net position, end of year	<u>\$ 4,844,511</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, 2023
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Cash flows from operating activities

Cash received from	
Revenue from rent	\$ 277,279
Other revenue	-
Cash paid to/for	
Facilities	(18,228)
Utilities	(3,821)
Economic development projects	(49,418)

Net change in cash from operating activities 205,812

Cash flows from non-capital financing activities

Transfer in	168,200
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Net change in cash from non-capital financing activities 168,200

Cash flows from capital and related financing activities

Interest paid	(29,844)
Proceeds from bonds	-
Principle paid on bonds	(175,000)

Net change in cash from capital and related financing activities (204,844)

Cash flows from investing activities

Interest income	8,458
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Net change in cash from investing activities 8,458

Change in cash and cash equivalents 177,626

Cash and cash equivalents, beginning of year 414,195

Cash and cash equivalents, end of year \$ 591,821

Reconciliation of operating income to net cash provided by operating activities

Operating income \$ 205,950

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

Depreciation	24,000
Change in assets and liabilities	
Account receivable	(20,451)
Accounts payable	(3,687)

Net change in cash from operating activities \$ 205,812

Schedule of non-cash transactions

Depreciation	\$ 24,000
Amortization of loss on bond defeasance	3,931
	<u>\$ 27,931</u>

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

CITY OF BELLEVUE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023

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. These funds include Municipal Road Aid Fund, Public Safety Fund, Rental Inspection Fund, and the Park Fund.

CITY OF BELLEVUE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(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 committed for use primarily in financing specific expenditures and in purchasing equipment for the City.
2. The Federal Grant Capital Project Fund is restricted and is used to account for federal grant construction funding and local matching funds to construct and completed infrastructure projects.

(D) The Debt Service Fund is restricted and is used to account for the accumulation of resources for, and the payments of, general long-term debt principal and interest and related cost; and for the payment of interest on general obligation notes payable, as required by Kentucky Law.

Other than the General Fund, which is always a major fund, these Special Revenue Funds may be major funds in any year based on their assets, liabilities, revenues, or expenditures.

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 days of the fiscal year-end.

CITY OF BELLEVUE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 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 2022 property tax rates assessed for the year ended June 30, 2023, to finance the General Fund operations were \$0.380 per \$100 valuation for real property, and \$0.626 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.

<p>CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023</p>
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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 asset's life are not. Prior to July 1, 2003, governmental fund infrastructure assets were not capitalized.

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, 2023, the total sick leave payable is \$174,987 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 the 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.

CITY OF BELLEVUE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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.

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 Equity

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources.

Non-spendable fund balances consist of amounts that are not in spendable form or amounts that are legally or contractually required to be maintained intact.

Restricted fund balances are amounts that can only be used pursuant to constraints imposed by external sources; such as state government restrictions or the funds restricted by the will of the City's voters. The City has classified the Municipal Road Aid Fund and Debt Service Fund as being restricted.

Committed fund balances are amounts that can only be used for specific purposes as stipulated internally by the City Council. These items can only be changed or lifted by the Council taking the same formal action that imposed the restraint. The City has classified the Public Safety Fund, Parks Fund, and Capital Improvement Fund as being committed.

Assigned fund balances consist of funds that are set aside with the intent to be used for a specific purpose by the City's highest level of decision-making authority or a body or official that has been given the authority to assign funds. The City has classified sick leave as being assigned.

Unassigned fund balances consist of all residual funds not included in other spendable classifications.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources – committed, assigned and unassigned – in order as needed.

CITY OF BELLEVUE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

from CERS' fiduciary net position has been determined on the same basis 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.

CITY OF BELLEVUE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Reclassifications

Certain amounts in the prior year's financial statements have been reclassified for comparative purposes to conform to the presentation of the current year's 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 – DEPOSITS AND INVESTMENTS

Cash and Cash Equivalents

The carrying amount of the City's cash equivalents (bank deposits, money market accounts, and certificates of deposit with less than 90 days maturity) with financial institutions was \$6,306,948 at June 30, 2023.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Deposits in financial institutions, reported as a component of cash and certificates of deposit are insured by depository insurance or secured with collateral held by the financial institutions in the City's name. The City had custodial credit risk – deposits of \$36,717 at June 30, 2023.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City had no custodial credit risk at June 30, 2023.

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, 2023 was a liability of (\$2,623,452). This liability increased \$172,574 from the previous year.

NOTE E – ASSET HELD FOR SALE

The City is currently marketing a property for sale and has reclassified the land asset to "Asset held for sale" on the Government-Wide and Proprietary Funds Statements of Net Position. The City has found the market value to be \$1,600,000 at June 30, 2023.

CITY OF BELLEVUE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE F – CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the fiscal year ended June 30, 2023, was as follows:

<u>Governmental Activities</u>	Balance June 30, 2022	Transfers/ Additions	Transfers/ Deletions	Balance June 30, 2023
Land	\$ 3,847,424	\$ 50,000	\$ -	\$ 3,897,424
Land improvements	396,090	-	-	396,090
Building and improvements	1,128,044	300,490	-	1,428,534
Playground equipment	115,891	-	-	115,891
Furniture and equipment	400,649	45,154	(7,563)	438,240
Vehicles and machinery	680,010	161,413	(73,704)	767,719
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>10,249,312</u>	<u>557,057</u>	<u>(81,267)</u>	<u>10,725,102</u>
Less accumulated depreciation				
Land improvements - parks	(210,633)	(9,160)	-	(219,793)
Building and improvements	(592,185)	(29,811)	-	(621,996)
Playground equipment	(115,891)	-	-	(115,891)
Furniture and equipment	(340,471)	(31,970)	5,999	(366,442)
Vehicles and machinery	(518,191)	(68,979)	70,504	(516,666)
Infrastructure	(1,121,737)	(73,625)	-	(1,195,362)
Total accumulated depreciation	<u>(2,899,108)</u>	<u>(213,545)</u>	<u>76,503</u>	<u>(3,036,150)</u>
Governmental Activities Capital Assets - Net	<u>\$ 7,350,204</u>	<u>\$ 343,512</u>	<u>\$ (4,764)</u>	<u>\$ 7,688,952</u>
<u>Business Type Activities</u>				
Land and land improvements				
Total at historical cost	\$ 5,428,550	\$ -	\$ -	\$ 5,428,550
Less accumulated depreciation	<u>(807,958)</u>	<u>(24,000)</u>	<u>-</u>	<u>(831,958)</u>
Business Type Activities Capital Assets - Net	<u>\$ 4,620,592</u>	<u>\$ (24,000)</u>	<u>\$ -</u>	<u>\$ 4,596,592</u>

Depreciation was charged to the following governmental activities:

<u>Governmental Activities</u>	<u>Depreciation</u>
Administration	\$ 12,973
Police Department	77,331
Public Works & Infrastructure	114,081
Parks & Recreation	9,160
Total governmental activities depreciation expense	<u>\$ 213,545</u>

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE G – 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, \$342,987 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 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, 2023.

<u>Year Ending June 30</u>	<u>Capital Lease Payable</u>
2024	\$ 40,106
2025	40,106
2026	40,106
2027	40,106
Total minimum lease payments	\$ 160,424
Less: amount representing interest	(11,168)
Present Value of Net Minimum Lease Payments	<u>\$ 149,256</u>

NOTE H – LONG TERM DEBT

The City has four general obligation public project bond issues outstanding at June 30, 2023, the Series 2020 and 2012 for the Harbor Greene Project and the Refunding Series 2014 and 2021A 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 2014 and 2021 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 2002A bonds were refunded and defeased by the Series 2014 Refunding Bonds issued in May 2014. The Series 2002B bonds were refunded and defeased by the Series 2011 Refunding Bonds issued in December 2011. The Series 2011 Refunding Bonds were refunded and defeased by the Series 2021 Refunding Bonds issued in September 2021.

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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, 2023 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
	2024	\$ 280,000	\$ 114,655	\$ 180,000
2025	290,000	109,055	185,000	31,388
2026	310,000	103,011	190,000	28,162
2027	325,000	96,599	195,000	24,813
2028	340,000	89,494	190,000	21,388
2029-2033	1,985,000	323,281	1,050,000	51,655
2034-2038	1,140,000	106,100	-	-
2039-2041	550,000	16,600	\$ 1,990,000	\$ 191,968
Totals	\$ 5,220,000	\$ 958,795		

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

A summary of the City's long-term bond debt at June 30, 2023 is as follows:

Description	Balance June 30, 2022	Issued	Paid	Balance June 30, 2023	Due Within One Year
Governmental Activities					
Bonds Payable:					
Series 2012 REF	\$ 2,505,000	\$ -	\$ (130,000)	\$ 2,375,000	\$ 130,000
2012 Bond Discount	(28,988)	-	1,505	(27,483)	(1,505)
Series 2020	2,975,000	-	(130,000)	2,845,000	130,000
2020 Bond Premium	39,503	-	(1,727)	37,776	1,727
Total Governmental Activities	\$ 5,490,515	\$ -	\$ (260,222)	\$ 5,230,293	\$ 260,222
Business Type Activities					
Bonds Payable:					
Series 2014 REF	\$ 555,000	\$ -	\$ (40,000)	\$ 515,000	\$ 45,000
Series 2021 REF	1,610,000	-	(135,000)	1,475,000	135,000
2014 REF Premium	7,610	-	(692)	6,918	692
2021 REF Discount	(2,736)	-	249	(2,487)	(249)
Total Business Activities	\$ 2,169,874	\$ -	\$ (175,443)	\$ 1,994,431	\$ 180,443

NOTE I – COMMITMENTS UNDER NONCAPITALIZED LEASES

The City had no commitments under operating lease agreements as of June 30, 2023.

NOTE J – COUNTY EMPLOYEES' RETIREMENT SYSTEM

Plan description – City 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, 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 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.

Membership in CERS consisted of the following at June 30, 2023:

	Non-Hazardous		Hazardous	
	Pension	OPEB	Pension	OPEB
Active Plan Members	77,367	76,946	9,173	9,109
Inactive Plan Members	100,738	28,719	2,895	883
Retired Members	67,206	37,584	10,858	7,655
	<u>245,311</u>	<u>143,249</u>	<u>22,926</u>	<u>17,647</u>
Number of participating employers		<u>1,141</u>		<u>260</u>

<p>CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023</p>
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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 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 contributions by the employee are based on the tier:

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

Hazardous Pension Plan Description

Benefits Provided – CERS provides retirement, health insurance, death and disability benefits to Hazardous duty Plan employees and beneficiaries. Employees are vested in the Plan after five years of service.

<p>CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023</p>
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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 of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent's monthly final rate or pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

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

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

Contributions

For non-hazardous duty employees, the City contributed 26.79% of covered-employee's compensation, of which 23.40% was for the pension fund and 3.39% was for the health insurance fund.

For hazardous duty employees, the City contributed 49.59% of covered-employee's compensation, of which 42.81% was for the pension fund and 6.78% was for the health insurance fund.

The City made all required contributions for the non-hazardous Plan pension obligation for the fiscal year in the amount of \$170,704, of which \$149,103 was for the pension fund and \$21,601 was for the health insurance fund.

The City made all required contributions for the hazardous Plan pension obligation for the fiscal year in the amount of \$353,991 of which \$305,593 was for the pension fund and \$48,398 was for the health insurance fund.

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

At June 30, 2023, the City reported a liability of \$4,764,936 (\$1,616,046 for the non-hazardous plan and \$3,148,890 for the hazardous duty Plan) as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022 measurement year, the City's non-hazardous employer allocation proportion was 0.0224% of the total CERS non-hazardous duty employees and the hazardous employer allocation proportion was 0.1032% of the total CERS hazardous duty employees. For the year ended June 30, 2023, the City recognized a net pension benefit of \$81,747 in addition to its \$454,696 pension contribution.

At June 30, 2023, 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	\$ 1,728	\$ (14,392)	\$ 90,284	\$ -	\$ 92,012	\$ (14,392)
Net difference between projected actual earnings on plan investments	41,429	-	72,730	-	114,159	-
Changes of assump.	-	-	-	-	-	-
Changes in proportion, differences between contributions and proportionate share of contributions	4,137	(88,797)	40,659	(54,641)	44,796	(143,437)
Contributions subsequent to the measurement date	149,103	-	305,593	-	454,696	-
	<u>\$ 196,397</u>	<u>\$ (103,189)</u>	<u>\$ 509,266</u>	<u>\$ (54,641)</u>	<u>\$ 705,663</u>	<u>\$ (157,829)</u>

The City's contributions subsequent to the measurement date of \$454,696 will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Measurement Year Ending June 30,	Net Deferral
2023	\$ (4,430)
2024	(3,500)
2025	(22,398)
2026	123,466
2027	-
Thereafter	-
	\$ 93,138

Actuarial Methods and Assumptions for Determining the Total Pension Liability and Net Pension Liability

For financial reporting, the actuarial valuation as of June 30, 2022, was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability, and sensitivity information as of June 30, 2022 were based on an actuarial valuation date of June 30, 2021. The total pension liability was rolled forward from the valuation date (June 30, 2021) to the plan’s fiscal year ending date of June 30, 2022, using generally accepted actuarial principles.

There have been no actuarial assumption or method changes since June 30, 2021. Additionally, there have been no plan provision changes that would materially impact the total pension liability since June 30, 2012.

House Bill 1 passed during the 2022 legislative session and included a provision that provided an approximate 8% across-the-board salary increase for KERS members effective July 1, 2022, for eligible State employees. While this salary increase may produce an actuarial loss with respect to the liability attributable to Tier 1 and Tier 2 active members (i.e., a higher total pension liability than expected based on current actuarial assumptions), there was not sufficient information available at the time the roll forward Total Pension Liability was calculated to make a reasonable adjustment to reflect these anticipated salary increases. It is GRS’s opinion that these procedures for determining the information contained in this report are reasonable, appropriate, and comply with applicable requirements under GASB No. 68.

The actuarial assumptions for CERS Non-Hazardous and CERS Hazardous plans are as follows:

Valuation Date	June 30, 2020
Experience Study	July 1, 2013 to June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years closed period at June 30, 2019; gains and losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service for Non-Hazardous 3.55% to 19.05% varies by service for Hazardous

<p>CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023</p>
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Investment Rate of Return	6.25%
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

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

Changes of Assumptions

There have been no changes in actuarial assumptions since June 30, 2021.

Discount Rate

The projection of cash flows used to determine the discount rate of 6.25% for CERS Non-hazardous and CERS Hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute, as amended by House Bill 362, (passed in 2018) over the remaining 29 years (closed) amortization period of the unfunded actuarial accrued 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 Non-Hazardous Target Allocation	Long Term Expected Nominal Return
Public equity	50.00%	4.45%
Private equity	10.00%	10.15%
Core bonds	10.00%	0.28%
Specialty credit / high yield	10.00%	2.28%
Cash	0.00%	-0.91%
Real estate	7.00%	3.67%
Real return	13.00%	4.07%
Expected Real Return	100.00%	4.28%
Long-Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Sensitivity of the 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	\$ 2,019,857	\$ 1,616,046	\$ 1,282,061
Hazardous	3,922,458	3,148,890	2,518,867
Total	\$ 5,942,315	\$ 4,764,936	\$ 3,800,928

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.

<p>CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023</p>
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Contributions – Required health insurance Plan contributions by the employee are based on the tier:

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

Hazardous OPEB Plan Description

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

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

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

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

Contributions

Contribution requirements for covered employees and participating governmental entities are established and may be amended by the KPPA Trustees.

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

For non-hazardous employees, the City contributed 3.39% of covered employees' compensation for the health insurance fund. For hazardous duty employees, the City contributed 6.78% of covered employees' compensation for the health insurance fund.

The City made all required contributions for the non-hazardous Plan OPEB obligation for the fiscal year in the amount of \$21,601. The City made all required contributions for the hazardous Plan OPEB obligation for the fiscal year in the amount of \$48,398.

These contributions are 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. For the year ended June 30, 2023, the City recognized OPEB expense of \$85,396 in addition to its \$69,999 OPEB contribution.

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

At June 30, 2023, the City reported a liability of \$1,319,640 as its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, 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, 2022 measurement year, the City's non-hazardous employer allocation proportion was 0.0223% of the total CERS non-hazardous duty employees and the hazardous employer allocation proportion was 0.1031% of the total CERS hazardous duty employees.

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

	Non-Hazardous		Hazardous		Total	
	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	\$ 44,400	\$ (101,154)	\$ 19,412	\$ (52,032)	\$ 63,812	\$ (153,186)
Net difference between projected actual earnings on plan investments	17,903	-	32,066	-	49,969	-
Changes of assump.	69,763	(57,484)	146,654	(151,165)	216,417	(208,649)
Changes in proportion, differences between contributions and proportionate share of contributions	9,013	(49,399)	14,670	(25,449)	23,683	(74,848)
Contributions subsequent to the measurement date	21,601	-	48,398	-	69,999	-
	<u>\$ 162,680</u>	<u>\$ (208,037)</u>	<u>\$ 261,200</u>	<u>\$ (228,646)</u>	<u>\$ 423,880</u>	<u>\$ (436,683)</u>

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

The City's contributions subsequent to the measurement date of \$69,999 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Year Ending June 30,	Net Deferral
2023	\$ (5,619)
2024	(9,977)
2025	(53,414)
2026	13,561
2027	(27,354)
Thereafter	-
	<u>\$ (82,803)</u>

Actuarial Methods and Assumptions to Determine the Total OPEB Liability and the Net OPEB Liability

For financial reporting, the actuarial valuation as of June 30, 2022, was performed by Gabriel Roeder Smith (GRS). The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2022, were based on an actuarial valuation date of June 30, 2021. The total OPEB liability was rolled-forward from the valuation date (June 30, 2021) to the plan's fiscal year ending date of June 30, 2022, using the generally accepted actuarial principles.

The actuarial assumptions for CERS Non-Hazardous and CERS Hazardous plans are as follows:

Valuation Date	June 30, 2020
Experience Study	July 1, 2013 to June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years closed period at June 30, 2019; gains and losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service for Non-hazardous 3.55% to 19.05% varies by service for Hazardous
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre - 65	Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post - 65	Initial trend starting at 9.00% in 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years

CITY OF BELLEVUE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Mortality

Pre-retirement	PUB-2010 General Mortality table, for the Nonhazardous Systems, and the PUB2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non- disabled)	System-specific mortality table based on mortality experience 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

The single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2021, valuation process and was updated to better reflect the plan's anticipated long-term healthcare costs. There were no other material assumption changes.

Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2003, by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable on January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA.

The total OPEB liability as of June 30, 2022, is determined using these updated benefit provisions. There were no other material plan provision changes.

Changes of Assumptions

The discount rates used to calculate the total OPEB liability increased from 5.20% to 5.70% for the non-hazardous Plan and from 5.05% to 5.61% for the hazardous Plan. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2022 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. There were no other material assumption changes.

Discount Rate

Single discount rates of 5.70% for CERS Nonhazardous and 5.61% for CERS Hazardous systems were used to measure the total OPEB liability as of June 30, 2022. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25%, and a municipal bond rate of 3.69%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarially determined contributions, and any cost associated with the implicit subsidy will

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

not be paid out of the plan trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy.

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 Non-Hazardous Target Allocation	Long Term Expected Nominal Return
Public equity	50.00%	4.45%
Private equity	10.00%	10.15%
Core bonds	10.00%	0.28%
Specialty credit/high yield	10.00%	2.28%
Cash	0.00%	-0.91%
Real estate	7.00%	3.67%
Real return	13.00%	4.07%
Expected Real Return	100.00%	4.28%
Long-Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

Sensitivity of the 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 5.70% for the non-hazardous Plan and 5.61% for the hazardous Plan, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Proportionate Share of Net OPEB Liability		
	1.00% Decrease	Current Rate	1.00% Increase
Discount Rate, Non-Hazardous	4.70%	5.70%	6.70%
Net OPEB liability, Non-Haz	\$ 589,680	\$ 441,100	\$ 318,274
Discount Rate, Hazardous	4.61%	5.61%	6.61%
Net OPEB liability, Haz	\$ 1,220,706	\$ 878,540	\$ 600,638
Total	\$ 1,810,386	\$ 1,319,640	\$ 918,912

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Sensitivity of the 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:

Healthcare cost trend rate	Proportionate Share of Net OPEB Liability		
	1.00% Decrease	Current Rate	1.00% Increase
Net OPEB liability, non-hazardous	\$ 327,948	\$ 441,100	\$ 576,974
Net OPEB liability, hazardous	613,474	878,540	1,201,642
Total	\$ 941,422	\$ 1,319,640	\$ 1,778,616

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 Kentucky Public Pension Authority, 1260 Louisville Road, Perimeter Park West, Frankfort, Kentucky, 40601 or online at www.kyret.ky.gov.

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 K – 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 L – 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.

CITY OF BELLEVUE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE M – 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 N – COBRA

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

NOTE O – RISK MANAGEMENT

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

The City Attorney estimates that the amount of actual or potential claims against the City as of June 30, 2023, 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 P – 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.

CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE Q – TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Operating	General	Municipal Road Aid	Funding	\$ 414,500
Operating	General	Capital Improvement	Funding	225,100
Operating	General	Debt Service	Debt Service	380,000
Operating	Capital Improvement	Debt Service	Debt Service	40,106
Operating	General	Parks	Funding	92,100
				<u>\$ 1,151,806</u>

NOTE R – IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

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

Statement No. 94 – *Public-Private and Public-Public Partnerships* – FY 2023

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

Statement No. 98 – *Annual Comprehensive Financial Report* – FY 2023

NOTE S – FUTURE ACCOUNTING STANDARDS

Statement No. 99 – *Omnibus 2022* – FY 2024

Statement No. 100 – *Accounting Changes and Error Corrections* – FY 2024

Statement No. 101 – *Compensated Absences* – FY 2025

NOTE T – AMERICAN RESCUE PLAN ACT (ARPA) FUNDING

In response to the COVID-19 Global Pandemic, the City has qualified for and received two tranches of Federal ARPA funding, in the amounts of \$742,035 and \$765,359, passed through the Commonwealth of Kentucky’s Department for Local Government. The City did not expend any of the funding in the fiscal year ending June 30, 2023. The total balance of \$1,507,394 has been deferred to future years, and will be recognized when expended, per the grant requirements.

NOTE U – SUBSEQUENT EVENTS

Management has evaluated events through February 14, 2024, the date on which the financial statements were available for issue. The City had no events subsequent to June 30, 2023 through February 14, 2024 to disclose.

CITY OF BELLEVUE, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
From local sources:				
Taxes				
Property	\$ 1,780,704	\$ 1,780,704	\$ 1,998,195	\$ 217,491
Motor vehicle	145,000	145,000	178,265	33,265
Utilities	280,000	280,000	305,933	25,933
Insurance premium license	1,000,000	1,000,000	1,133,138	133,138
Payroll tax	1,500,000	1,500,000	2,099,925	599,925
Other license, permits, and fees	264,550	264,550	282,034	17,484
Earnings on investments	4,000	4,000	18,721	14,721
Fines and penalties	33,500	33,500	101,747	68,247
Charges for services	436,443	436,443	440,476	4,033
Other local revenue	25,000	25,000	108,934	83,934
Intergovernmental - local	113,323	113,323	100,421	(12,902)
Intergovernmental - state	76,247	76,247	163,398	87,151
Intergovernmental - federal	1,548,332	1,548,332	1,598,382	50,050
Total revenues	7,207,099	7,207,099	8,529,569	1,322,470
Expenditures				
Administrative and legislative				
Salaries and benefits	715,460	714,960	622,208	92,752
Other	454,350	498,350	492,923	5,427
Police department				
Salaries and benefits	1,605,380	1,636,929	1,620,118	16,811
Other	144,200	180,128	143,504	36,624
Public works department				
Salaries and benefits	366,685	364,085	343,500	20,585
Other	484,900	487,500	462,735	24,765
Special appropriations				
Bellevue/Dayton fire dept. allotment	1,133,766	1,133,766	1,133,766	-
Other	353,300	321,940	152,833	169,107
FEMA - landslide	859,288	1,583,457	1,327,148	256,309
Capital outlay	-	394,036	425,711	(31,675)
Total expenditures	6,117,329	7,315,151	6,724,446	590,705
Excess (deficiency) of revenues over (under) expenditures	1,089,770	(108,052)	1,805,123	1,913,175

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
(From previous page)				Favorable
				(Unfavorable)
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,089,770</u>	<u>\$ (108,052)</u>	<u>\$ 1,805,123</u>	<u>\$ 1,913,175</u>
Other financing sources (uses)			-	
Proceeds from sale of assets	-	-	26,654	26,654
Operating transfers in	-	-	-	-
Operating transfers (out)	<u>(599,200)</u>	<u>(712,965)</u>	<u>(1,279,900)</u>	<u>(566,935)</u>
Total other financing (uses) sources	<u>(599,200)</u>	<u>(712,965)</u>	<u>(1,253,246)</u>	<u>(540,281)</u>
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	490,570	(821,017)	551,877	1,372,894
Fund balance, beginning of year	<u>2,951,588</u>	<u>2,698,163</u>	<u>4,594,860</u>	<u>1,896,697</u>
Fund balance, end of year	<u><u>\$ 3,442,158</u></u>	<u><u>\$ 1,877,146</u></u>	<u><u>\$ 5,146,737</u></u>	<u><u>\$ 3,269,591</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, 2023****Schedule of the City's Proportionate Share of the Net Pension Liability
County Employees' Retirement Plan (CERS)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of net pension liability	0.02355%	0.02368%	0.02500%	0.02360%	0.0246%	0.0256%	0.0261%	0.0267%	0.0260%	
Proportionate share of the net pension liability (asset)	\$ 1,616,046	\$ 1,509,467	\$ 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	\$ 554,477	\$ 553,857	\$ 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	291.45%	272.54%	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	52.42%	57.33%	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)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 149,103	\$ 117,383	\$ 106,894	\$ 124,330	\$ 95,460	\$ 88,316	\$ 87,086	\$ 77,401	\$ 73,677	\$ 72,893
Actual contribution	149,103	117,383	106,894	124,330	95,460	88,316	87,086	77,401	73,677	72,893
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	637,193	554,477	553,857	644,199	588,533	609,914	624,274	623,195	577,861	530,516
Contributions as a percentage of covered payroll	23.40%	21.17%	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, 2023, is based on the June 30, 2022, 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 J 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, 2023

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportion of net pension liability	0.1032%	0.1032%	0.1071%	0.1032%	0.0999%	0.1138%	0.1361%	0.1430%	0.1346%	
Proportionate share of the net pension liability (asset)	\$ 3,148,890	\$ 2,747,242	\$ 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	\$ 730,913	\$ 648,925	\$ 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	430.82%	423.35%	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	47.11%	52.26%	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)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 305,593	\$ 247,487	\$ 195,067	\$ 187,465	\$ 147,100	\$ 123,504	\$ 136,487	\$ 152,331	\$ 157,446	\$155,961
Actual contribution	305,593	247,487	195,067	187,465	147,100	123,504	136,487	152,331	157,446	155,961
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	713,835	730,913	648,925	623,635	591,714	556,323	628,640	751,879	686,039	716,402
Contributions as a percentage of covered payroll	42.81%	33.86%	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, 2023, is based on the June 30, 2022, 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 J 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, 2023**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportion of net OPEB liability	0.0223%	0.0237%	0.0250%	0.0236%	0.0246%	0.0256%				
Proportionate share of the net OPEB liability (asset)	\$ 441,100	\$ 453,150	\$ 603,481	\$ 396,807	\$ 436,892	\$ 515,452				
Covered payroll in year of measurement	\$ 554,477	\$ 553,857	\$ 644,199	\$ 588,533	\$ 609,914	\$ 624,274				
Share of the net OPEB liability (asset) as a percentage of its covered payroll	79.55%	81.82%	93.68%	67.42%	71.63%	82.57%				
Plan fiduciary net position as a percentage of total OPEB liability	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%				

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 21,601	\$ 32,049	\$ 26,364	\$ 30,664	\$ 30,957	\$ 28,666	\$ 29,528			
Actual contribution	21,601	32,049	26,364	30,664	30,957	28,666	29,528			
Contribution deficiency (excess)	-	-	-	-	-	-	-			
Covered payroll	637,193	554,477	553,857	644,199	588,533	609,914	624,274			
Contributions as a percentage of covered payroll	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%	4.73%			

Notes to Required Supplementary Information

The net OPEB liability as of June 30, 2023, is based on the June 30, 2022, 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 J 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, 2023****Schedule of the City's Proportionate Share of the Net OPEB Liability
County Employees' Retirement Plan (CERS)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportion of net OPEB liability	0.1031%	0.1032%	0.1071%	0.1031%	0.0999%	0.1138%				
Proportionate share of the net OPEB liability (asset)	\$ 878,540	\$ 834,393	\$ 989,809	\$ 763,032	\$ 712,061	\$ 941,075				
Covered payroll in year of measurement	\$ 730,913	\$ 648,925	\$ 623,635	\$ 591,714	\$ 556,323	\$ 628,640				
Share of the net OPEB liability (asset) as a percentage of its covered payroll	120.20%	128.58%	158.72%	128.95%	127.99%	149.70%				
Plan fiduciary net position as a percentage of total OPEB liability	64.13%	66.81%	58.84%	64.44%	64.24%	59.00%				

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 48,398	\$ 76,527	\$ 61,778	\$ 59,370	\$ 61,952	\$ 52,016	\$ 58,778			
Actual contribution	48,398	76,527	61,778	59,370	61,952	52,016	58,778			
Contribution deficiency (excess)	-	-	-	-	-	-	-			
Covered payroll	713,895	730,913	648,925	623,635	591,714	556,323	628,640			
Contributions as a percentage of covered payroll	6.78%	10.47%	9.52%	9.52%	10.47%	9.35%	9.35%			

Notes to Required Supplementary Information

The net OPEB liability as of June 30, 2023, is based on the June 30, 2022, 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 J in the Notes to the Financial Statements.

CITY OF BELLEVUE, KENTUCKY COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS June 30, 2023

	Special Revenue Funds				Total Non-major Governmental Funds
	Municipal Aid Fund	Public Safety Fund	Rental Inspection Fund	Parks Fund	
Assets					
Cash in bank	\$ 593,324	\$ 17,234	\$ -	\$ 73,505	\$ 684,063
Accounts receivable	117,401	-	-	-	117,401
Due from General Fund	12,000	-	-	-	12,000
Total assets	<u>\$ 722,725</u>	<u>\$ 17,234</u>	<u>\$ -</u>	<u>\$ 73,505</u>	<u>\$ 813,464</u>
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 115,233	\$ -	\$ -	\$ 3,634	\$ 118,867
Total liabilities	<u>115,233</u>	<u>-</u>	<u>-</u>	<u>3,634</u>	<u>118,867</u>
Fund balances					
Restricted	607,492	-	-	-	607,492
Committed	-	17,234	-	69,871	87,105
Total fund balances	<u>607,492</u>	<u>17,234</u>	<u>-</u>	<u>69,871</u>	<u>694,597</u>
Total liabilities and fund balances	<u>\$ 722,725</u>	<u>\$ 17,234</u>	<u>\$ -</u>	<u>\$ 73,505</u>	<u>\$ 813,464</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 - NON-MAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2023

	Special Revenue Funds				Total Non-major Governmental Funds
	Municipal Aid Fund	Public Safety Fund	Rental Inspection Fund	Parks Fund	
Revenues					
Interest earned	\$ 8,730	\$ 246	\$ -	\$ 1,738	\$ 10,714
Donations and other	-	5,393	-	2,540	7,933
Intergovernmental:					
State and Federal - indirect	202,841	-	-	-	202,841
Local	5,645	-	-	-	5,645
Total revenues	217,216	5,639	-	4,278	227,133
Expenditures					
Infrastructure	108,726	-	-	-	108,726
Police department	-	2,239	-	-	2,239
Recreation	-	-	-	15,278	15,278
Street maintenance	156,926	-	-	-	156,926
Park maintenance	-	-	-	32,007	32,007
Total expenditures	265,652	2,239	-	47,285	315,176
Excess (deficit) of revenues over (under) expenditures	(48,436)	3,400	-	(43,007)	(88,043)
Other financing sources (uses)					
Transfers in	414,500	-	-	92,100	506,600
Transfers out	-	-	-	-	-
Total other financing sources (uses)	414,500	-	-	92,100	506,600
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	366,064	3,400	-	49,093	418,557
Fund balance, beginning of year	241,428	13,834	-	20,778	276,040
Fund balance, end of year	\$ 607,492	\$ 17,234	\$ -	\$ 69,871	\$ 694,597

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

CITY OF BELLEVUE, KENTUCKY COMBINING BALANCE SHEET - PROPRIETARY FUNDS June 30, 2023

	<u>Business-type Activities</u>		<u>Total Proprietary Funds</u>
	<u>Bellevue URCD Agency</u>	<u>Port Bellevue Rental Fund</u>	
Assets			
Cash and cash equivalents	\$ 305,706	\$ 286,115	\$ 591,821
Accounts receivable - current	-	27,993	27,993
Asset held for sale	-	1,600,000	1,600,000
Fixed assets, net of depreciation	-	4,596,592	4,596,592
Total assets	<u>305,706</u>	<u>6,510,700</u>	<u>6,816,406</u>
Deferred outflow of resources			
Deferred loss on defeasance of bond	-	39,314	39,314
Total deferred outflow of resources	<u>-</u>	<u>39,314</u>	<u>39,314</u>
Total assets and deferred outflow of resources	<u>\$ 305,706</u>	<u>\$ 6,550,014</u>	<u>\$ 6,855,720</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ -	\$ 5,999	\$ 5,999
Bonds payable - current	-	180,443	180,443
Accrued interest	-	3,010	3,010
Bonds payable - noncurrent	-	1,813,988	1,813,988
Due to debt service fund	-	7,769	7,769
Total liabilities	<u>-</u>	<u>2,011,209</u>	<u>2,011,209</u>
Fund balances			
Net investment in capital assets	-	4,241,475	4,241,475
Unrestricted	305,706	297,330	603,036
Total fund balances	<u>305,706</u>	<u>4,538,805</u>	<u>4,844,511</u>
Total liabilities and fund balances	<u>\$ 305,706</u>	<u>\$ 6,550,014</u>	<u>\$ 6,855,720</u>

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

CITY OF BELLEVUE, KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	<u>Business-type Activities</u>		Total Proprietary Funds
	Bellevue URCD Agency	Port Bellevue Rental Fund	
Operating revenues			
Rental income	\$ -	\$ 277,279	\$ 277,279
Intergovernmental - Federal	-	20,451	20,451
Other income	-	-	-
Total operating revenues	<u>-</u>	<u>297,730</u>	<u>297,730</u>
Operating expenses			
Facilities	-	18,228	18,228
Utilities	-	3,737	3,737
Depreciation	-	24,000	24,000
Economic development	20,250	25,565	45,815
Total operating expenses	<u>20,250</u>	<u>71,530</u>	<u>91,780</u>
Net operating (loss) income	<u>(20,250)</u>	<u>226,200</u>	<u>205,950</u>
Non-operating revenues (expenses)			
Interest expense	-	(40,854)	(40,854)
Interest earned	4,336	4,122	8,458
Transfers in (out)	-	168,200	168,200
Total non-operating revenues (expenses)	<u>4,336</u>	<u>131,468</u>	<u>135,804</u>
Change in net position	(15,914)	357,668	341,754
Net position, beginning of year	<u>321,620</u>	<u>4,181,137</u>	<u>4,502,757</u>
Net position, end of year	<u>\$ 305,706</u>	<u>\$ 4,538,805</u>	<u>\$ 4,844,511</u>

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

CITY OF BELLEVUE, KENTUCKY COMBINING BALANCE SHEET - OTHER NON-MAJOR GOVERNMENTAL FUNDS June 30, 2023
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	Capital Improvement Fund	Grant Capital Project Fund	Debt Service Fund	Total Other Non-major Governmental Funds
Assets				
Cash and cash equivalents	\$ 55,113	\$ -	\$ 22,171	\$ 77,284
Accounts receivable	9,913	-	7,769	17,682
Total assets	\$ 65,026	\$ -	\$ 29,940	\$ 94,966
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 68	\$ -	\$ -	\$ 68
Due to other funds	-	-	-	-
Interest payable	-	-	34,115	34,115
Total liabilities	68	-	34,115	34,183
Fund balances				
Restricted	-	-	(4,175)	(4,175)
Committed	64,958	-	-	64,958
Total fund balances	64,958	-	(4,175)	60,783
Total liabilities and fund balances	\$ 65,026	\$ -	\$ 29,940	\$ 94,966

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 - OTHER NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	Capital Improvement Fund	Grant Capital Project Fund	Debt Service Fund	Total Other Non-major Governmental Funds
Revenues				
From local sources				
Earnings on investments	\$ 1,291	\$ -	\$ 1,234	\$ 2,525
Other local revenues	12,000	-	-	12,000
Total revenues	<u>13,291</u>	<u>-</u>	<u>1,234</u>	<u>14,525</u>
Expenditures				
Supplies, maintenance, and repairs:				-
Administraion	16,578	-	120	16,698
Police department	5,124	-	-	5,124
Public works	5,470	-	-	5,470
Fire department	-	-	-	-
Capital outlay equipment				
Police department	130,046	-	-	130,046
Public works	1,300	-	-	1,300
Debt service	-	-	419,409	419,409
Total expenditures	<u>158,518</u>	<u>-</u>	<u>419,529</u>	<u>578,047</u>
Excess (deficit) of revenues over (under) expenditures	<u>(145,227)</u>	<u>-</u>	<u>(418,295)</u>	<u>(563,522)</u>
Other financing sources (uses)				
Gain from sale of assets	5,000	-	-	5,000
Operating transfers in	225,100	-	420,106	645,206
Operating transfers out	(40,106)	-	-	(40,106)
Total other financing sources (uses)	<u>189,994</u>	<u>-</u>	<u>420,106</u>	<u>610,100</u>
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	44,767	-	1,811	46,578
Fund balance, beginning of year	<u>20,191</u>	<u>-</u>	<u>(5,986)</u>	<u>14,205</u>
Fund balance, end of year	<u>\$ 64,958</u>	<u>\$ -</u>	<u>\$ (4,175)</u>	<u>\$ 60,783</u>

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

CITY OF BELLEVUE, KENTUCKY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2023

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Contract Number	Expenditures
<u>U.S. Department of Homeland Security</u>			
Hazard Mitigation Grant <i>Passed through the Kentucky Division of Emergency Services</i>	97.039	SC 095 220000 1515	<u>\$ 1,159,433</u>
Total Department of Homeland Security			<u>1,159,433</u>
<u>U.S. Department of Treasury</u>			
Coronavirus State and Local Fiscal Recovery Funds <i>Passed through the Kentucky Department for Local Government</i>	21.027	NA	<u>403,949</u>
Total Department of Treasury			<u>403,949</u>
<u>U.S. Department of Transportation</u>			
<i>Highway Planning and Construction Cluster</i>			
Highway Planning and Construction	20.205	3002-347	15,429
Highway Planning and Construction	20.205	4002-038	49,151
Highway Planning and Construction	20.205	4002-025	44,146
Highway Planning and Construction	20.205	3002-352	<u>25,564</u>
<i>All Passed through the Kentucky Department of Transportation</i>			
Total Department of Transportation			<u>134,290</u>
Total Federal Financial Assistance			<u><u>\$ 1,697,672</u></u>

Notes to the Schedule of Expenditure of Federal Awards

Note 1 - Basis of Presentation

This schedule is presented on the modified accrual basis of accounting.

Note 2 - Subrecipients

There are no subrecipients of these funds

Note 3 - Indirect Costs

The Program directly allocates 100% of program costs and has no indirect costs.

<p>CITY OF BELLEVUE, KENTUCKY SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2023</p>

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiencies identified? Yes X None reported

Noncompliance material to financial statements noted Yes X No

Federal Awards

Internal Control Over Major Programs:

- Material weakness(es) identified? Yes X No
- Significant deficiencies identified? X Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance X Yes No

Identification of major programs: Federal Program or Cluster	CFDA No.
-----	-----
Child Support Enforcement	93.563

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes X No

II. FINDINGS - FINANCIAL STATEMENTS AUDIT

No matters were reported

CITY OF BELLEVUE, KENTUCKY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

III. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

Finding 2023-001 – No Written Policies or Procedures, or Standards of Conduct Relative to Federal Awards

Criteria – Written policies, procedures, or standards of conduct relative to federal awards are required by 2 U.S. Code of Federal Regulations (CFR) Part 200: *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subparts D and E (Sections 2 CFR 200.300 and 200.400, respectively.)

Condition – The City of Bellevue does not have formalized written policies, procedures, or standards of conduct relative to federal awards.

Effect – Effective and consistent internal control over compliance relative to federal awards cannot be maintained and monitored without written policies, procedures or standards of conduct.

Recommendation – As the City is receiving more and more Federal Funds annually, the City of Bellevue should prepare written policies, procedures, or standards of conduct that document internal controls necessary to ensure compliance over the expenditure of federal awards.

Management's Response – *Management will prepare written policies to ensure internal control over compliance is documented.*

Finding 2023-002 – Lack of Internal Control Over Financial Reporting – Inability to Produce a Schedule of Expenditure of Federal Awards

Criteria – Entities that expend Federal funds in excess of \$750,000 are each required to gain an understanding of the compliance requirements found in 2 C.F.R. 200 – *Uniform Guidance* for the specific Federal grant awards the entity receives. The entity should understand those compliance requirements and prepare a Schedule of Expenditure of Federal Awards.

Condition – The City of Bellevue shows a lack of familiarity with the 2 C.F.R. 200 – *Uniform Guidance* compliance requirements and reporting requirements.

Effect – This lack of familiarity with the compliance requirements may, in the future, allow funds to be used in a manner that is not consistent with Allowable Activities and Cost Principles in 2 C.F.R.200 – *Uniform Guidance*. Other compliance requirements such as Program Income, Eligibility, Cost Matching, Suspension/Debarment may also be affected.

Recommendation – The City of Bellevue should gain an understanding of the compliance requirements for each federal award and prepare a Schedule of Expenditure of Federal Awards.

Management's Response – *Management will utilize a consultant to gain an understanding of each federal award and to prepare a related Schedule of Expenditure of Federal Awards.*

CITY OF BELLEVUE, KENTUCKY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2023

None - No Single Audit Required in Prior Year

**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, 2023 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 14, 2024.

Internal Control over Financial Reporting

In planning and performing our audit 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 audit, 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 14, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Bellevue, Kentucky's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Bellevue, Kentucky's major federal programs for the year ended June 30, 2023. City of Bellevue, Kentucky's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Bellevue, Kentucky complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Bellevue, Kentucky and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Bellevue, Kentucky's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Bellevue, Kentucky's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Bellevue, Kentucky's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a

substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Bellevue, Kentucky's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Bellevue, Kentucky's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Bellevue, Kentucky's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Bellevue, Kentucky's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

We consider the following deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs to be significant deficiencies:

- ***Finding 2023-001 – No Written Policies, Procedures, or Standards of Conduct Relative to Federal Awards***
- ***Finding 2023-002 – Lack of Internal Control Over Financial Reporting – Inability to Produce a Schedule of Expenditure of Federal Awards***

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City of Bellevue, Kentucky's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. City of Bellevue, Kentucky's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Chamberlin Owen & Co., Inc.

Chamberlin Owen & Co., Inc.

Erlanger, Kentucky

February 14, 2024