

BOOK-ENTRY ONLY

Rating: S&P: "AA-"
See "Rating" herein

NEW ISSUE – BANK QUALIFIED

In the opinion of Calfee, Halter & Griswold LLP, Bond Counsel, under existing law and assuming continuing compliance with certain covenants and the accuracy of certain representations, the interest on the Bonds is excluded from gross income for federal income tax purposes, and is not treated as an item of tax preference for purposes of the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended (the "Code"). The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Code. Interest on the Bonds is exempt from Kentucky income tax and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions. See "LEGAL MATTERS – Tax Matters" herein.



\$3,100,000*
CITY OF BELLEVUE, KENTUCKY
GENERAL OBLIGATION PUBLIC PROJECT AND REFUNDING
BONDS, SERIES 2020

Dated: Date of Initial Delivery

Due: November 1, as shown below

The Bonds will be issuable under a book entry system, registered in the name of The Depository Trust Company ("DTC") or its nominee. There will be no distribution of the Bonds to the ultimate purchasers. See "Book Entry" herein. Principal and interest on the Bonds are payable at the designated corporate trust office of U.S. Bank National Association, Louisville, Kentucky. The Bonds are being issued as fully registered bonds in denominations of \$5,000 and integral multiples thereof. Interest payments will be mailed by the Paying Agent to each holder of record as of the fifteenth day of the month preceding the date for such interest payment. See "DESCRIPTION OF THE BONDS – Book-Entry Only System" and APPENDIX F herein.

The Bonds will bear interest at the rates per annum shown on the inside cover, payable semi-annually on May 1 and November 1, commencing May 1, 2021 (the "Interest Payment Dates").

The Bonds are subject to redemption prior to maturity, as described herein.

The City deems this Preliminary Official Statement to be final for purposes of Security and Exchange Commission Rule 15c2-12, except for certain information on the cover page hereof and certain pages herein which has been omitted in accordance with the Rule and will be provided with the final Official Statement.

The Bonds are offered when, as and if issued, subject to the approval of legality and Tax Matters by Calfee, Halter & Griswold LLP, Bond Counsel. Certain legal matters have been passed upon for the City by David Fessler, Esq., City Attorney. The Bonds are expected to be available for delivery on or about November 12, 2020.

Electronic bids (received via **PARITY**) and written bids (received via facsimile) must be submitted in accordance with the Official Notice of Sale. See **APPENDIX G**. Bids will be received until 11:00 a.m. E.T, on October 27, 2020. This Official Statement is "deemed final" by the City as of its date for purposes of, and except for certain omissions as permitted by, Securities and Exchange Commission Rule 15c2-12(b)(1), and is subject to completion, amendment, or supplementation in the final Official Statement.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.



*Preliminary; subject to change.

This Preliminary Official Statement and information contained herein are subject to change, completion or amendment without notice. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE OFFICIAL STATEMENT IS DELIVERED IN FINAL FORM. UNDER NO CIRCUMSTANCES SHALL THIS PRELIMINARY OFFICIAL STATEMENT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF ANY OFFER TO BUY, NOR SHALL THERE BE

MATURITY SCHEDULE FOR THE BONDS¹
NOVEMBER 1

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP</u> ⁺
2021	\$130,000			
2022	135,000			
2023	135,000			
2024	135,000			
2025	140,000			
2026	140,000			
2027	140,000			
2028	145,000			
2029	145,000			
2030	150,000			
2031	155,000			
2032	155,000			
2033	160,000			
2034	165,000			
2035	170,000			
2036	170,000			
2037	175,000			
2038	180,000			
2039	185,000			
2040	190,000			

⁺ CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. CUSIP data in this Official Statement are provided by S&P Global Markets Intelligence, a division of S&P Global, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Bonds. The City, Bond Counsel, the Municipal Advisor and the Underwriter are not responsible for the selection or use of these CUSIP numbers and make no representation as to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP Number for a specific maturity and interest

¹ Preliminary, subject to change; see the Official Notice of Sale attached as **APPENDIX G**.

rate within a maturity, if applicable, is subject to being changed after the date of this Official Statement as a result of various subsequent actions or events.

CITY OF BELLEVUE, KENTUCKY

Mayor

Charlie Cleves

City Council

Sean Fisher

Steve Guidugli

Pat Hogan

Shauna Kruze

Ryan Salzman

Scott Witte

City Administrator

Frank Warnock

City Clerk/Treasurer

Mary H. Scott

City Attorney

David Fessler, Esq.

BOND COUNSEL

Calfee, Halter & Griswold LLP

FINANCIAL ADVISOR

RSA Advisors, LLC

Lexington, Kentucky

BOND REGISTRAR AND PAYING AGENT

U.S. Bank National Association

Louisville, Kentucky

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REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds. No dealer, broker, salesman or other person has been authorized by the City or others on behalf of the City to give any information or to make any representations with respect to the City or the Bonds other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth in this Official Statement has been obtained from sources which are believed to be current and reliable. Estimates and opinions are included and should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of their provisions and such summaries are qualified by references to the entire texts of the documents. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date of this Official Statement.

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS THAT THE CITY BELIEVES MAY BE “FORWARD-LOOKING STATEMENTS.” WORDS SUCH AS “PLAN,” “ESTIMATE,” “PROJECT,” “BUDGET,” “ANTICIPATE,” “EXPECT,” “INTEND,” “BELIEVE” AND SIMILAR TERMS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. THE ACHIEVEMENT OF RESULTS OR OTHER EXPECTATIONS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT ARE DIFFICULT TO PREDICT, MAY BE BEYOND THE CITY’S CONTROL AND COULD CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM ANY RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THOSE FACTORS INCLUDE, BUT ARE NOT LIMITED TO, THE ONGOING EFFECTS OF THE COVID-19 PANDEMIC AS DESCRIBED UNDER THE HEADING “COVID-19.” THE CITY UNDERTAKES NO OBLIGATION, AND DOES NOT PLAN, TO ISSUE ANY UPDATES OR REVISIONS TO SUCH FORWARD-LOOKING STATEMENTS.

UPON ISSUANCE, THE BONDS WILL NOT BE REGISTERED BY THE CITY UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY OR AGENCY WILL HAVE AT THE REQUEST OF THE CITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED OR DISAPPROVED THE BONDS FOR SALE.

CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright © 2019 CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the City, the Registrar and Paying Agent, or Bond Counsel and are included solely for the convenience of the holders of the Bonds. The City, the Registrar and Paying Agent and Bond Counsel are not responsible for the selection or use of these CUSIP numbers and make no representation as to their correctness on the Bonds or the Cover or as indicated above. The CUSIP number for a specific maturity of a series is subject to being changed after the issuance of the Bonds as a result of various subsequent actions.

The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

Upon issuance, the Bonds will not be registered by the City under any federal or state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity or agency except the City will have, at the request of the City, passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future. Insofar as the statements contained in this Official Statement involve matters of opinion or estimates, even if not expressly stated as such, such statements are made as such and not as representations of fact or certainty, no representation is made that any of such statements have been or will be realized, and such statements should be regarded as suggesting independent investigation or consultation of other sources prior to the making of investment decisions. Certain information may not be current; however, attempts were made to date and document sources of information. Neither this Official Statement nor any oral or written representations by or on behalf of the City preliminary to sale of the Bonds should be regarded as part of the City's contract with the successful bidder or the holders from time to time of the Bonds.

References herein to provisions of Kentucky law, whether codified in the Kentucky Revised Statutes ("KRS") or uncodified, or to the provisions of the Kentucky Constitution or the City's ordinances or resolutions, are references to such provisions as they presently exist. Any of these provisions may from time to time be amended, repealed or supplemented.

As used in this Official Statement, "debt service" means principal of, interest and any premium on, the obligations referred to; "City" means the City of Bellevue; and "State" or "Kentucky" means the Commonwealth of Kentucky.

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide certain information with respect to the issuance of \$3,100,000* aggregate principal amount of General Obligation Public Project and Refunding Bonds, Series 2020 (the "Bonds") of the City of Bellevue, Kentucky as specified on the cover hereof.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Bonds to potential investors is made only by means of the entire Official Statement.

The Issuer

The Bonds are being issued by the City of Bellevue, Kentucky (the "City"), a municipal corporation and political subdivision of the Commonwealth of Kentucky. The City is in Campbell County in Northern Kentucky.

Authority for Issuance

Authority for the issuance of the Bonds is provided by Sections 66.011 through 66.171 and Sections 58.010, *et. seq.* of the Kentucky Revised Statutes and an ordinance adopted by the City Council of the City on September 17, 2020.

Sources of Payment for the Bonds

The Bonds are general obligation debt of the City. The basic security for the Bonds is the City's ability to levy annual ad valorem real and personal property taxes on real and personal property located in the City to pay the interest on and principal of the Bonds as and when the same become due and payable. (See "Security and Source of Payment for the Bonds," herein).

Purpose of the Bonds

The Bonds are being issued for the purpose of (i) refunding the City of Bellevue, Kentucky General Obligation Bond Anticipation Notes, Series 2019 (the "2019 Notes") the proceeds of which were used to refund those certain City of Bellevue, Kentucky General Obligation Bond Anticipation Notes, Series 2017 the proceeds of which were used to acquire real estate located within the City (the "Refunding Project"), (ii) to finance a portion of the costs of the installation, construction and equipping of retaining walls located adjacent to Bonnie Leslie Avenue, North Sherry Lane and South Sherry Lane to mitigate the impacts of hillside erosion on residential properties located within the City (the "New Money Project"), and (iii) paying the costs of issuing of the Bonds. (See "PLAN OF FINANCE" herein.)

Description of the Bonds

The Bonds mature as indicated on the cover page hereof. The Bonds are being offered in the denominations of \$5,000 or any integral multiple thereof. The Bonds are initially being issued in Book-Entry-Only form registered in the name of DTC or its nominee. There will be no distribution of Bonds to ultimate purchasers (see "Book-Entry", herein).

Redemption

The Bonds maturing November 1, 2027 and thereafter are subject to optional redemption prior to maturity, commencing May 1, 2027, see "DESCRIPTION OF THE BONDS – Redemption Provisions – Optional Redemption," herein).

The Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption commencing November 1, 20__ and the Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption commencing November 1, 20__ (see "DESCRIPTION OF THE BONDS - Redemption Provisions - Mandatory Sinking Fund Redemption", herein).

In the event any Bonds are called for redemption, notice shall be given by mailing a copy of the redemption notice at least thirty (30) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed (see "DESCRIPTION OF THE BONDS - Redemption Provisions", herein).

Book Entry

The Bonds are issuable only as fully registered Bonds, without coupons. The Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest due on the Bonds will be made directly to DTC. Principal of, redemption premium, if any, and interest on the Bonds will be paid directly to DTC by U.S. Bank National Association, Louisville, Kentucky, as Registrar and Paying Agent (the "Registrar and Paying Agent"). See "DESCRIPTION OF THE BONDS – Book-Entry Only System" and APPENDIX F herein.

Payment of Bonds and Registrar and Paying Agent

Principal of the Bonds will be paid in lawful money of the United States of America at the designated corporate trust office of the Registrar and Paying Agent, and interest shall be mailed by the Registrar and Paying Agent to the record date registered holders at the address of such holder maintained on the registration book of the Registrar and Paying Agent. The record dates for November 1 and May 1 interest payment dates on the Bonds shall be the preceding October 15 and April 15, respectively.

Interest

The Bonds shall be dated their date of initial issuance and delivery and bear interest at the rates set forth on the cover hereof, payable semi-annually on November 1 and May 1, beginning May 1, 2021.

Tax Matters

Under existing law and assuming continuing compliance with certain covenants and the accuracy of certain representations, the interest on the Bonds is excluded from gross income for federal income tax purposes, and is not treated as an item of tax preference for purposes of the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended (the "Code"). The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Code. Bond Counsel expresses no other opinion as to the federal tax consequences of purchasing, holding or disposing of the Bonds. Interest on the Bonds is exempt from Kentucky income tax and the bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

See "LEGAL MATTERS – Tax Matters" herein and Appendix E for the form of the opinion Bond Counsel proposes to deliver in connection with the Bonds.

Parties to the Issuance of the Bonds

The Registrar and Paying Agent is U.S. Bank National Association. Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest thereon are subject to the approving legal opinion of Calfee, Halter & Griswold LLP, Bond Counsel. The Financial Advisor to the City is RSA Advisors, LLC, Lexington, Kentucky.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued by the City. The Bonds will be delivered on or about November 12, 2020 in New York, New York through the Depository Trust Company (DTC).

Disclosure Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement and continuing disclosure documents of the City are intended to be made available through one or more repositories. Copies of the basic documentation relating to the Bonds, including the authorizing ordinances and the note forms, are available from the City.

The City deems this Preliminary Official Statement to be final for the purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for certain information on the cover page hereof and certain pages herein which has been omitted in accordance with the Rule and will be provided with the final Official Statement.

Additional Information

Additional information concerning this Official Statement, as well as copies of the basic documentation relating to the Bonds, is available from RSA Advisors, LLC, Financial Advisor to the City of Bellevue, 325 West Main Street, Suite 300, Lexington, Kentucky 40507, Telephone: (800) 255-0795.

DESCRIPTION OF THE BONDS

The Bonds are dated their date of initial issuance and delivery and bear interest from such date at the rates set forth on the cover page of this Official Statement. The Bonds are being issued as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof.

Interest on the Bonds is payable semi-annually on November 1 and May 1, commencing May 1, 2021. Interest on all Bonds is payable by check or draft mailed to the registered holder by U.S. Bank National Association, the Registrar and Paying Agent. Principal is payable when due to the registered holder upon surrender of the Bonds at the corporate trust office of the Registrar and Paying Agent in Louisville, Kentucky.

Redemption Provisions

Optional Redemption

The Bonds maturing on and after November 1, 2027 shall be subject to optional redemption prior to their maturity on any date on or after May 1, 2027, in whole or in part, in such order of maturity as may be selected by the City and by lot within a maturity at a redemption price equal to the principal amount of Bonds to be redeemed, plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption

The Bonds maturing on the dates set forth below are subject to mandatory sinking fund redemption prior to maturity at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date, on the dates, in the years and in the principal amounts as follows:

Maturing November 1, 20
Date Amount

*Final Maturity

Maturing November 1, 20
Date Amount

*Final Maturity

Notice of Redemption

If less than all Bonds which are payable by their terms on the same date are to be called, the particular Bonds or portions of Bonds payable on such same date and to be redeemed from such series shall be selected by lot by the Registrar and Paying Agent, in such manner as the Registrar and Paying Agent in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof, and that, in selecting Bonds for redemption, the Registrar and Paying Agent shall treat each bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

At least thirty (30) days before the redemption date of any Bonds the Registrar and Paying Agent shall cause a notice of such redemption either in whole or in part, signed by the Registrar and Paying Agent, to be mailed, postage prepaid, to all registered owners of Bonds to be redeemed in whole or in part at their addresses as they appear on the registration books kept by the Registrar and Paying Agent, but failure so to mail any such notice shall not affect the validity of the proceedings for such redemption. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive numbers or letters, if any, of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state also that on or after the redemption date upon surrender of such Bonds, a new Bond in principal amount equal to the unredeemed portion of such Bonds will be issued.

On the date so designated for redemption, notice having been sent in the manner and under the conditions hereinabove provided and moneys for payment of the redemption price being held in separate accounts by the Registrar and Paying Agent for the holders of the Bonds or portions thereof to be redeemed, the Bonds or portions of Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds or portions of Bonds on such date, interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, and the holders or registered owners of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and to receive Bonds for any unredeemed portions of Bonds.

In case part but not all of an outstanding Bond shall be selected for redemption, the registered owner thereof or his attorney or legal representative shall present and surrender such Bond to the Registrar and Paying Agent for payment of the principal amount hereof so called for redemption, and the City shall execute and the Registrar and Paying Agent shall authenticate and deliver to or upon the order of such registered owner or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered a Bond of the same series and maturity and bearing interest at the same rate.

Security and Source of Payment for Bonds

The Bonds are general obligations of the City and the full faith, credit and taxing power of the City is irrevocably pledged to the payment of principal of and interest on the Bonds when due. The basic security for the general obligation debt of the City, including the Bonds, is the City's ability to levy, and its pledge to levy, annual ad valorem real and personal property taxes to pay the interest on and principal of the Bonds as and when the same become due and payable. The tax must be levied in sufficient amount to pay, as the same become due, the principal of and interest on the Bonds as well as the principal of and interest on all outstanding general obligation bonds and bond anticipation notes of the City. The Constitution of the State mandates the collection of a tax sufficient to pay the interest on an authorized indebtedness and the creation of a sinking fund for the payment of the principal thereof. The Ordinance levies such annual tax which shall be collected to the extent other lawfully available monies of the City are not provided. The Ordinance also maintains a sinking fund into which the proceeds of such tax or other lawfully available monies of the City are to be deposited for payment of the interest on and principal of the Bonds and which shall not be used for any other purpose.

Chapter 9 of the Federal Bankruptcy Code contains provisions relating to the adjustment of debts of a State's political subdivisions, public agencies and instrumentalities ("eligible entity"), such as the City. Under the Bankruptcy Code and in certain circumstances described therein, an eligible entity may be authorized to initiate Chapter 9 proceedings without prior notice to or consent of its creditors, which proceedings may result in material and adverse modification or alteration of the rights of its secured and unsecured creditors, including holders of its bonds and notes.

Section 66.400 of the Kentucky Revised Statutes permits a political subdivision, such as the City, for the purpose of enabling such subdivision to take advantage of the provisions of the Bankruptcy Code, and for that purpose only, to file a petition stating that the subdivision is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan for the composition or readjustment of its debts, and to take such further proceedings as are set forth in the Bankruptcy Code as they relate to such subdivision. No taxing subdivision is permitted, in availing itself of the provisions of the Bankruptcy Code, to scale down, cut down or reduce the principal sum of its securities except that interest thereon may be reduced in whole or in part.

The Federal Bankruptcy Code and Section 66.400 of the Kentucky Revised Statutes also permit Campbell County, Kentucky (the "County") to initiate Chapter 9 proceedings, which, because the County collects certain revenues on behalf of the City (particularly ad valorem real and personal property taxes), may adversely affect the financial condition of the City if the proper transfer of revenues is delayed.

Book-Entry Only System

The Bonds initially will be issued solely in book entry form to be held in the book-entry only system maintained by DTC. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of Bonds and Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the Bonds under the Ordinance. For additional information about DTC and the book-entry-only system see "APPENDIX F – Book-Entry Only System."

THE INFORMATION IN THIS SECTION AND IN APPENDIX F CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY BELIEVES TO BE RELIABLE, BUT THE CITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF

PLAN OF FINANCE

The Bonds are being issued for the purpose of (i) refunding the Series 2019 Notes (the “Refunding Project”), (ii) financing a portion of the costs of the installation, construction and equipping of retaining walls located adjacent to Bonnie Leslie Avenue, North Sherry Lane and South Sherry Lane to mitigate the impacts of hillside erosion on residential properties located within the City (the “New Money Project”), and (iii) paying costs related to the issuance of the Bonds.

A portion of the proceeds of the Bonds in an amount equal to the redemption price of 100% of the principal amount of the outstanding 2019 Notes, plus accrued interest to the date of redemption, will be deposited in the bond fund for the Series 2019 Notes and used to refund the Series 2019 Notes on the Closing Date. The remaining proceeds of the Bonds will be used to pay costs of the New Money Project and costs of issuance of the Bonds.

SOURCES AND USES OF FUNDS

Sources:

Bond Proceeds	\$ _____
[Plus Original Issue Premium][Less Original Issue Discount]	_____
Total Sources	\$ _____

Uses:

Underwriter's Discount	\$ _____
Series 2020 Refunding Project	_____
Series 2020 New Money Project	_____
Cost of Issuance	_____
Total Uses	\$ _____

COVID-19

COVID-19, a respiratory disease caused by a new strain of coronavirus, was characterized as a global pandemic by the World Health Organization on March 11, 2020 (the “Pandemic”). On March 13, 2020, President Trump declared a national emergency, freeing up funding for federal assistance to state and local governments. The responses of governments, business and individuals to the Pandemic have caused widespread and significant changes in economic activity. Certain sectors of the global, national and local economies are experiencing negative effects due to reduced consumer spending, decreased investor confidence and increased unemployment as well as government mandated and voluntary responses to mitigate the Pandemic including school and business closures, event cancellations and reduced travel. The full effect of the Pandemic on global financial markets as well as national, state, and local economies is unknown. There can be no assurances as to the materiality, severity and duration of negative economic conditions caused by the Pandemic.

On March 6, 2020, Kentucky’s Governor Andy Beshear declared a state of emergency, directing all state agencies to use all resources necessary to prepare for and respond to the Pandemic. On July 9, 2020, Governor Beshear signed an executive order requiring Kentuckians to wear face-covering under certain circumstances, which order was extended on October 6, 2020 for an additional thirty (30) days. On

August 11, 2020 Governor Beshear issued an executive order allowing bars and restaurants to operate at 50% of maximum capacity. Among other requirements, Governor Beshear's executive order pertaining to bars and restaurants also requires restaurants to halt food and beverage service by 11:00 p.m. and close at 12:00 a.m.

The spread of COVID-19 is altering the behavior of businesses and people in a manner that is having negative effects on global, state and local economies. There can be no assurances that the spread of COVID-19 will not materially adversely affect the financial condition of the City. Potential impacts to the City associated with the COVID-19 transmission include, but are not limited to, reductions in commercial and manufacturing activity and increases in unemployment, with corresponding decreases in major revenues from sources such as income taxes, real property taxes and various additional fees and assessments. The degree of any such impact on the City's operations and finances is extremely difficult to predict due to the evolving nature of the transmission of COVID-19, including uncertainties relating to (a) the duration of the outbreak, (b) the severity of the outbreak and (c) the ultimate geographic spread of the outbreak, as well as with regard to what actions may be taken by governmental authorities to contain or mitigate its impact.

Prior to the impact of COVID-19, the City anticipated being within budget for the Fiscal Year ended June 30, 2021 as a result of increased interest in real estate and economic development projects within the City. For Fiscal Year 2020-2021, the Campbell County Property Valuation Administrator increased the assessed value of the real property in the City from approximately \$372 million to approximately \$420 million.

In response to COVID-19, the City has undertaken several budgetary and operational measures, including the reorganization of City staff and the elimination of one position for an annual cost-savings of approximately \$92,000. To address the negative impacts of COVID-19 on the City's small businesses, the City has permitted expanded outdoor dining in the public right-of-way to increase dining capacity for restaurants. To mitigate potential budget shortfalls for Fiscal Year 2020-2021, the City has applied for and received a \$415,000 grant through the State of Kentucky.

The City continues to actively monitor its revenue collections, and continually evaluates possible mitigation and expense reduction measures. The City will continue to monitor the impact of COVID-19 on the City's revenue collections and will implement, if necessary, additional expense containment and reduction measures.

INVESTMENT CONSIDERATIONS

The Bonds, like all obligations of state and local government, are subject to changes in value due to changes in the condition of the tax-exempt bond market and/or changes in the financial condition of the City.

Prospective purchasers of the Bonds may need to consult their own tax advisors prior to any purchase of the Bonds as to the impact of the Internal Revenue Code of 1986, as amended, upon their acquisition, holding or disposition of the Bonds.

It is possible under certain market conditions, or if the financial condition of the City should change, that the market price of the Bonds could be adversely affected.

With regard to the risk involved in a lowering of the City's bond rating, see "RATING" herein. With regard to creditors' rights, see "SECURITY AND SOURCE OF PAYMENT FOR BONDS" herein.

PROFILE OF THE CITY AND SURROUNDING AREA

Economic and financial information with respect to the City is set forth in Appendix B hereto.

CITY GOVERNMENT

Elected and Appointed Officials

The City of Bellevue, Kentucky is governed by a City Council, comprised of a Mayor, elected to a four year term, and six (6) councilmembers who are elected to two year terms. The members of the City Council are as follows:

Member
Mayor Charlie Cleves
Sean Fisher
Steve Guidugli
Pat Hogan
Shauna Kruze
Ryan Salzman
Scott Witte

The current appointed City officials who serve at the pleasure of City Council are:

City Administrator	Frank Warnock
City Clerk/Treasurer	Mary H. Scott
City Attorney	David Fessler, Esq.

Financial Matters

The City Clerk/Treasurer is the fiscal officer of the City, and is appointed by and serves at the pleasure of the City Council. The City Clerk/Treasurer is responsible for the accounting, collection, custody and disbursement of the funds of the City. The City Clerk/Treasurer serves the City Council and the City Manager as financial advisor in connection with City affairs, and performs such other duties as the City Council or City Administrator request.

The City's fiscal year commences July 1 and ends the following June 30.

The administrative functions of the City are performed by or under the supervision of the following:

1. Establishment of overall financial policy, the City Council.
2. Planning and development, the City Administrator.
3. Assessment of real and personal property, the Campbell County Property Valuation Administrator.
4. Financial control functions, the City Clerk/Treasurer.
5. Inspection and supervision of the accounts and reports of the City as required by law, by independent certified public accountants.

Financial Management

The City Council is responsible for appropriating the funds used to support the various City activities. The City Council exercises its legislative powers by budgeting, appropriating, levying taxes issuing bonds and notes, and letting contracts for public works and services to provide this financial management.

Financial Reports and Examinations of Accounts

Each city in the State is required to keep its accounting records and render financial reports in such a way as to: (a) determine compliance with statutory provisions; (b) determine fairly and with full disclosure the financial operations of consistent funds and account groups of the city in conformity with generally accepted governmental accounting principles; and (c) readily provide such financial data as may be required by the federal revenue sharing program. Municipal accounting systems are required to be organized and operated on a fund basis. The City maintains its accounts and other fiscal records on an appropriation and modified accrual basis in accordance with the procedures established and prescribed by the Kentucky Department for Local Government.

As required by law, financial reports are prepared annually by the City and filed with the Kentucky Department for Local Government. Audits are required to be completed by the February 1st immediately following the fiscal year being audited.

The accounting procedures prescribed by the Kentucky Department for Local Government are generally applicable to all cities in Kentucky and may be different from generally accepted government accounting principles as presented and recommended in the National Council on Governmental Accounting publication "Governmental Accounting Auditing and Financial Reporting," and the Industry Audit Guide of the American Institute of Certified Public Accountants, entitled "Audits of State and Local Governmental Units." Those publications, among other things, provide for a modified accrual basis of accounting for the general fund, all special revenue funds and the debt service fund, and for a full accrual basis of accounting for all other funds, and further provide for the preparation for each fund of balance sheets, statements of revenues and expenditures, and statements showing changes in fund balances.

Budgeting and Appropriations Procedures

Detailed provisions for City budgeting, tax levies and appropriations are made in the Kentucky Revised Statutes. Cities are required to operate under an annual budget ordinance and no City may expend any moneys from a governmental or proprietary fund except in accordance with such budget. A budget proposal must be submitted to the City's legislative body no later than 30 days prior to the beginning of the fiscal year covered by the budget. No budget ordinance may be adopted which provides for appropriations to exceed revenues and the available fund balance in a fiscal year. The full amount estimated to be required for debt service during the budget year must be appropriated.

Investment Policies

Section 66.480 of the Kentucky Revised Statutes sets forth the requirements and limitations for investments of the State's political subdivisions, including the City. Under that Section, the City must adopt an investment policy and may invest its funds only in the classifications of obligations; which are eligible for investment, which are as follows:

- (a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These

investments may be accomplished through repurchase agreements reached with sources including, but not limited to, national or state banks chartered in Kentucky;

- (b) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States governmental agency, including but not limited to:
 - 1. United States Treasury;
 - 2. Export-Import Bank of the United States;
 - 3. Farmers Home Administration;
 - 4. Governmental National Mortgage corporation; and
 - 5. Merchant Marine bonds;

- (c) Obligations of any corporation of the United States government, including but not limited to:
 - 1. Federal Home Loan Mortgage Corporation;
 - 2. Federal Farm Credit Banks;
 - 3. Bank for Cooperatives;
 - 4. Federal Intermediate Credit Banks;
 - 5. Federal Land Banks;
 - 6. Federal Home Loan Banks;
 - 7. Federal National Mortgage Association; and
 - 8. Tennessee Valley Authority;

- (d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations permitted by KRS 41.240(4);

- (e) Uncollateralized certificates of deposit issued by any bank or savings and loan institutions rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;

- (f) Bankers' acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;

- (g) Commercial paper rated in the highest category by a nationally recognized rating agency;

- (h) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;

- (i) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three highest categories by a nationally recognized rating agency;

- (j) Shares of mutual funds, each of which shall have the following characteristics:
 - 1. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
 - 2. The management company of the investment company shall have been in operation for at least five (5) years; and
 - 3. All of the securities in the mutual fund shall be eligible investments pursuant to this section.

- (k) Individual equity securities if the funds being invested are managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Stand and Poor's 500 Index, and a single sector shall not exceed twenty-five percent (25%) of the equity allocation; and
- (l) Individual high-quality corporate bonds that are managed by a professional investment manager that:
 - 1. Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
 - 2. The management company of the investment company shall have been in operation for at least five (5) years; and
 - 3. All of the securities in the mutual fund shall be eligible investments pursuant to this section.

The City's current investment policy is more restrictive than is permitted by State law.

The City values safety, liquidity and return, in that order.

Debt Limitation

Kentucky Constitution Section 158 provides that cities shall not incur indebtedness to an amount exceeding the following maximum percentages on the value of the taxable property therein, to be estimated by the last assessment previous to the incurring of the indebtedness:

- (a) Cities having a population of fifteen thousand (15,000) or more, ten percent (10%);
- (b) Cities having a population of less than fifteen thousand (15,000) but not less than three thousand, five percent (5%); and
- (c) Cities having a population of less than three thousand (3,000), three percent (3%).

For purposes of the preceding descriptions of determining the debt limitation of cities, the City is a city described under (b) above

Nothing shall prevent the issue of renewal bonds, or bonds to fund the floating indebtedness of any city, county, or taxing district. Subject to the limits and conditions set forth in that section and elsewhere in the Constitution, the General Assembly has the power to establish additional limits on indebtedness and conditions under which debt may be incurred by cities.

KRS 66.041 provides the same limitations as are set forth in the Constitution except that the limitations apply to "net indebtedness". In calculating "net indebtedness," KRS 66.031 provides that certain obligations of a municipality are not to be considered in the calculation, including self-supporting obligations, revenue bonds, and special assessment debt. (For a complete list of exempt debt see the Statement of Indebtedness attached as Appendix D.)

Other infrequently-issued types of obligations are also excluded from the calculation of net indebtedness. The City has no such obligations outstanding. Notes issued in anticipation of bonds excluded from the calculation of net indebtedness are also excluded from such calculation. Appendix D of this Official Statement is a Statement of Indebtedness for the City, certified by the City Clerk/Treasurer, calculating the amount of the outstanding obligations of the City (including the Bonds) which are subject to the total direct debt limit (5% limit) based upon the City's population. The total principal amount of general obligation debt that could be issued by the City, subject to the 5% total direct debt limitation is \$23,990,861.70 and the City's net debt subject to such limitation presently outstanding (including the Bonds

and excluding the Series 2019 Notes) is \$8,233,933* leaving a balance of approximately \$15,756,928.70* borrowing capacity issuable within such limitation.

However, as described below, the City's ability to incur debt in these amounts is restricted by tax limitations. In the case of general obligation debt, both the debt limitations and tax limitations must be met.

Tax Limitation

The Kentucky Constitution Section 157 also indirectly imposes a debt limitation on general obligation indebtedness of Cities by limiting the tax rates cities may impose upon the value of taxable property, as follows:

- (a) cities having a population of fifteen thousand or more, one dollar and fifty cents on each hundred dollars of assessed value;
- (b) cities having a population of less than fifteen thousand and not less than ten thousand, one dollar on each hundred dollars of assessed value; and
- (c) cities having a population of less than ten thousand, seventy-five cents on hundred dollars of assessed value.

Section 159 of the Kentucky Constitution requires the collection of an annual tax sufficient to pay the interest on contracted indebtedness and to retire indebtedness over a period not exceeding forty years. The two constitutional provisions operate as a limit on general obligation debt. Because the indirect debt limit results from tax limitations and the requirement to levy taxes to pay debt charges, it has application only to debts which are payable from taxes either initially or in the event other pledged non-tax revenues prove to be insufficient. It does not have any application where the type of debt being issued does not pledge the credit of the municipality or when the debt is payable solely out of the revenues of non-tax sources, such as utility income.

Appendix D of this Official Statement contains a Statement of Indebtedness, certified by the City, setting forth the property tax rates currently levied by the City of \$0.352 per \$100 for real property and \$0.560 per \$100 for personal property, and certifying that the issuance of the Bonds will not cause such rates to increase to amounts which would exceed the maximum permissible rates.

Bond Anticipation Notes

Under Kentucky law, notes, including renewal notes, issued in anticipation of general obligation bonds may be issued from time to time upon the same terms and conditions as bonds except that notes may be sold by private negotiated sale in a manner determined or authorized by the legislative authority.

The ability of the City to retire bond anticipation notes from the proceeds of the sale of either renewal notes or bonds will be dependent upon the marketability of such renewal notes or bonds under market conditions then prevailing.

Future Borrowings of the City

The City does not presently anticipate any additional borrowings for the foreseeable future.

LEGAL MATTERS

General Information

Legal matters incident to the issuance of the Bonds is subject to the approving legal opinion of Calfee, Halter & Griswold LLP, Bond Counsel. Upon delivery of the Bonds of the City to the successful bidder therefor, the Bonds will be accompanied by an approving opinion dated the date of such delivery, rendered by Calfee, Halter & Griswold LLP. A draft of such legal opinion for the Bonds is attached as Appendix E.

Said firm as Bond Counsel has performed certain functions to assist the City in the preparation by the City of its Official Statement. However, said firm assumes no responsibility for, and will express no opinion regarding the accuracy or completeness of this Official Statement or any other information relating to the City or the Bonds that may be made available by the City or others to the bidders or holders of the Bonds or others.

The engagement of said firm as Bond Counsel is limited to the preparation of certain of the documents contained in the transcript of proceedings with regard to the Bonds, and an examination of such transcript proceedings incident to rendering its legal opinion. In its capacity as Bond Counsel, said firm has reviewed the information in this Official Statement under Sections entitled "General Information" as to legal matters, "Authority for Issuance", "Security and Source of Payment for Bonds", "Debt Limitation", "Tax Limitation" and "Tax Matters", which review did not include any independent verification of financial statements and statistical data included therein, if any.

Transcript and Closing Certificates

A complete transcript of proceedings, a no-litigation certificate and other appropriate closing documents will be delivered by the City when the Bonds are delivered to the original purchaser. The City will also provide to the original purchaser, at the time of such delivery, a certificate from the City's Mayor addressed to such purchaser relating to the accuracy and completeness of this Official Statement.

Litigation

To the knowledge of the City, no litigation or administrative action or proceeding is pending or threatened directly affecting the Bonds, the security for the Bonds or the improvements being financed from the proceeds of the Bonds. A No-Litigation Certificate to that effect will be delivered to the purchaser at the time of the delivery of the Bonds.

Tax Matters

In the opinion of Calfee, Halter & Griswold LLP, Bond Counsel, under existing law the interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103(a) of the Code, and is not treated as an item of tax preference for purposes of calculating the alternative minimum tax imposed by Section 55 of the Code. The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Code. Further, the Bonds are not "private activity bonds" as defined in Section 141(a) of the Code. Furthermore, Bond Counsel for the Bonds is of the opinion that interest on the Bonds is exempt from Kentucky income tax and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications by the City and continuing compliance with certain covenants of the City contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal

income tax purposes. Bond Counsel will not independently verify the accuracy of the City's certifications and representations or the continuing compliance with the City's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to the exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (the "IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS or a reviewing court.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements may cause the loss of such status and result in the interest on the Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The City has covenanted to take all actions required of it for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect such exclusion. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the market prices of the Bonds.

Interest on the Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the holder of the Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a holder of the Bonds is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest or other income on the Bonds or the market value of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Bonds at other than their original issuance should also consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the beneficial owners regarding the tax status of interest on the Bonds in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market prices for the Bonds.

Original Issue Discount and Original Issue Premium

Certain of the Bonds ("Discount Bonds") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a different permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Bonds ("Premium Bonds") may be offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its required earlier call date) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount Bonds and Premium Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount Bonds or Premium Bonds and as to other federal tax consequences and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

RATING

Standard & Poor's (S&P) has assigned its municipal bond rating of "AA-". Such rating reflects only the view of S&P. There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency if in its judgment

circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability and/or market price of the Bonds.

The City presently expects to furnish such rating agency with information and material that it may request on future general obligation bond issues. However, the City assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of the rating agency's ratings on outstanding general obligation bonds.

CONTINUING DISCLOSURE

In accordance with the Securities and Exchange Commission Rule 15c2-12 (the "Rule") and so long as the Bonds are outstanding the City (the "Obligated Person") will agree pursuant to an Undertaking to be dated as of the date of issuance and delivery of the Bonds (the "Disclosure Undertaking"), to cause the following information to be provided:

- (i) to the Municipal Securities Rulemaking Board ("MSRB"), or any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by the MSRB's Electronic Municipal Market Access ("EMMA") system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission, certain annual financial information and operating data, including audited financial statements, generally consistent with the information contained in "Appendix B" and "Appendix C" of the Official Statement ("Financial Data"). The annual financial information shall be provided within 270 days after the end of the fiscal year ending June 30, commencing with the fiscal year ending June 30, 2020; provided that the audited financial statements may not be available by such date, but will be made available immediately upon delivery thereof by the auditors for the Obligated Person; and;
- (ii) to the MSRB through EMMA, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of the following events with respect to the Bonds:
 - (a) Principal and interest payment delinquencies;
 - (b) Non-payment-related defaults, if material;
 - (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) Substitution of credit or liquidity providers, or their failure to perform;
 - (f) Adverse tax opinions, the issuance by the Internal Revenue Service of a proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (g) Modifications to rights of holders or beneficial owners of the Bonds, if material;

- (h) Bond calls, if material, and tender offers;
 - (i) Defeasances;
 - (j) Release, substitution, or sale of property securing repayment of the Bonds, if material;
 - (k) Bankruptcy, insolvency, receivership, or similar event of the City;
 - (l) Consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (m) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - (n) Rating changes;
 - (o) Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material;
- (iii) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties. (iii) in a timely manner, to the MSRB through EMMA, notice of a failure (of which the Obligated Persons have knowledge) of the Obligated Person to provide the required Annual Financial Information on or before the date specified in the continuing disclosure agreements.

The Disclosure Undertaking provides bondholders, including beneficial owners of the Bonds, with certain enforcement rights in the event of a failure by the Obligated Person to comply with the terms thereof; however, a default under the Disclosure Undertaking does not constitute an event of default under the Ordinance. The Disclosure Undertaking may also be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein.

For purposes of this transaction with respect to events as set forth in the Rule:

- (a) there are no debt service reserve funds applicable to the Bonds;
- (b) there are no credit enhancements applicable to the Bonds;
- (c) there are no liquidity providers applicable to the Bonds; and
- (d) there is no property securing the repayment of the Bonds.

Pursuant to outstanding continuing disclosure agreements, the City is required to file certain annual financial information with the MSRB. For the years ended June 30, 2019, June 30, 2018, and June 30, 2017, the City's annual financial information was not filed by the dates required. All such Annual Information has subsequently been filed. The City intends to meet its continuing disclosure obligations with respect to the Annual Financial Information for all future periods, to the extent the City can control the preparation process.

UNDERWRITING

The Bonds are being purchased for reoffering by [_____] (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of \$_____ (reflecting the par amount of the Bonds, [plus net premium/less original issue discount] of \$_____, and less underwriter's discount of \$_____). The initial public offering prices which produce the yields set forth on the cover page of this Official Statement may be changed by the Underwriter and the Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the offering prices which produce the yields set forth on the cover page.

FINANCIAL ADVISOR

RSA Advisors, LLC (the "Financial Advisor"), Lexington, Kentucky has been employed as Financial Advisor in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof.

MISCELLANEOUS

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Information herein has been derived by the City from official and other sources and is believed by the City to be reliable, but such information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of the Bonds.

This Official Statement has been duly executed and delivered for and on behalf of the City of Bellevue, Kentucky, by its Mayor.

CITY OF BELLEVUE, KENTUCKY

By: _____
Mayor

Dated: _____, 2020

APPENDIX A

**CITY OF BELLEVUE, KENTUCKY
GENERAL OBLIGATION PUBLIC PROJECT AND REFUNDING BONDS, SERIES 2020**

ESTIMATED DEBT SERVICE REQUIREMENTS FOR THE BONDS

ESTIMATED DEBT SERVICE SCHEDULE

EXHIBIT A

NOTICE OF BOND SALE

Notice is hereby given that electronic bids will be received by the City of Bellevue, Kentucky (the "City"), 11:00 a.m., E.T. on October 27, 2020 (or at such later time and date announced at least forty-eight hours in advance via the BiDCOMP™/PARITY™ system) for a principal amount of \$3,100,000 (subject to principal adjustments not to exceed \$3,500,000) of the City's General Obligation Public Project and Refunding Bonds, Series 2020. Alternatively, written sealed or facsimile bids for the Bonds by the designated time will be received by the City Administrator, 616 Poplar Street, Bellevue, Kentucky 41073, Fax: (859) 261-8387.

The Bonds will be dated their date of initial delivery, will be issued as fully registered bonds in denominations in multiples of five thousand dollars (\$5,000) (within the same maturity), will mature on November 1 of the years 2021 through 2040 and are subject to redemption prior to their stated maturities as described in the Official Terms and Conditions of Bond Sale contained in the Preliminary Official Statement, to which reference is made for official terms relating to the sale of the Bonds. Electronic bids may be submitted via BiDCOMP™/PARITY™, in the manner described below.

Additional information, including the Preliminary Official Statement, the Official Terms and Conditions of Bond Sale and the Official Bid Form, may be obtained from the City's Financial Advisor, RSA Advisors, LLC, 325 West Main Street, Ste 300, Lexington, Kentucky 40507, Phone: (800) 255-0795 or at <http://rsamuni.com>. Further information regarding BiDCOMP/PARITY may be obtained from BiDCOMP/PARITY, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: (800) 850-7422.

Sale of Bonds on tax-exempt basis, subject to approving legal opinion of Calfee, Halter & Griswold LLP, Bond Counsel. The City has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended. Right to reject bids or waive informality reserved.

CITY OF BELLEVUE, KENTUCKY

By /s/ Hon. Charlie Cleves
Mayor

APPENDIX B

**CITY OF BELLEVUE, KENTUCKY
GENERAL OBLIGATION PUBLIC PROJECT AND REFUNDING BONDS, SERIES 2020**

ECONOMIC AND FINANCIAL DATA ON THE CITY OF BELLEVUE, KENTUCKY

CITY OF BELLEVUE, KENTUCKY

Bellevue is located in Northern Kentucky and is located ½ mile south of Cincinnati, Ohio, approximately 100 miles northeast of Louisville; and 90 miles north of Lexington, Kentucky. Bellevue had a population of 5,715 in 2019. Campbell County had a population of 93,543 in 2019.

The Northern Kentucky Area, covering a total land area of 559 square miles, is composed of Boone, Campbell, and Kenton Counties; and is ideally situated along and adjacent to the south bank of the Ohio River, immediately south of Cincinnati, Ohio. These three counties are a part of the Cincinnati Metropolitan Statistical Area. The labor market area had a 2019 population of 2,189,442.

The Northern Kentucky Area forms the northern apex of an industrial triangle anchored by Louisville on the southwest and Lexington on the southeast. Within the triangle is more than one-third of the State's population and nearly one-half of its manufacturing jobs. The interstate highway system places these three metropolitan areas within less than two hours driving from each other.

The Economic Framework

The total number of Northern Kentucky residents employed as of July 2020, averaged approximately 213,146. Campbell County has a labor force of 49,560 people, with an unemployment rate of 3.5%. Office and Administrative jobs employed 3,846; sales jobs employed 3,770; 3,327 worked in production; executive, managers, and administrators employed 2,727; and 2,676 were employed by food preparation, serving.

Transportation

Major highways serving Boone, Campbell, and Kenton Counties include Interstates 71, 75, 275, and 471; U.S. Highways 42/127, 25, and 27. The Greater Cincinnati-Northern Kentucky International Airport, located in Boone County, Kentucky, provides commercial airline service. The airport is a major hub for Delta Airlines. The Southern Railway System and CSX Transportation provide main line rail service to the area. Several barge and towing companies provide barge transportation on the Ohio River. The Port of Cincinnati extends 30 miles along both banks of the Ohio River.

Power and Fuel

Electric power is provided to Boone, Campbell and Kenton Counties by Duke Energy Kentucky, Kentucky Utilities, the East Kentucky Power Cooperative and Owen Electric Cooperative Inc. Natural gas services are provided by Duke Energy Kentucky.

Education

Primary and secondary education is provided by the Boone, Campbell, and Kenton County Public School Systems; eleven independent school systems; and 38 nonpublic schools within the three-county area. Three universities and six senior colleges are located in the Northern Kentucky-Cincinnati Area. Northern Kentucky University and Thomas More Colleges are located in Northern Kentucky. Vocational-technical training is available at two state vocational-technical schools, three area vocational education centers, and a health occupations center; all located in Boone, Campbell, and Kenton Counties.

LABOR MARKET STATISTICS

Population

Description	-----Estimate Year-----				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Northern Kentucky	384,790	385,692	388,611	391,657	394,269
Campbell County	91,925	92,211	92,488	93,464	93,543

Source: U.S. Department of Commerce, Bureau of the Census, Annual Estimates

Population Projections

Description	-----Estimate Year-----			
	2020	2025	2030	2035
Campbell County	92,898	93,427	93,473	93,028

Unemployment Statistics

Description	-----Year Ending December 31-----				
	2015	2016	2017	2018	2019
County of Campbell					
Civilian Labor Force	47,322	48,187	49,517	50,530	51,083
Employment	45,352	46,314	47,635	48,865	49,301
Unemployment	1,970	1,873	1,882	1,665	1,782
Unemployment Rate	4.20%	3.90%	3.80%	3.30%	3.50%
State of Kentucky:					
Civilian Labor Force	1,979,694	2,012,279	2,052,368	2,057,791	2,072,586
Employment	1,872,326	1,909,158	1,952,066	1,968,611	1,983,577
Unemployment	104,641	103,121	100,302	89,180	89,009
Unemployment Rate	5.3%	5.1%	4.9%	4.3%	4.3%
US Comparable Rate:					
Unemployment Rate	5.3%	4.9%	4.4%	3.9%	3.7%

Source: The Kentucky Department for Employment Services

LOCAL GOVERNMENT

Structure

Bellevue's Government structure consists of a Mayor and six Council Members. The Mayor serves a four-year term while the Council Members serve two-year terms. Campbell County is served by a Judge/Executive and three Commissioners. The Judge Executive and Commissioners are elected to serve a four-year term.

Planning and Zoning

Mandatory state codes include the Kentucky Plumbing Code, the National Electric Code, the Kentucky Boiler Regulations and the Standards, Kentucky Building Code (modeled after BOCA code).

Sales and Use Tax

A state sale and use tax is levied at the rate of 6.0% on the purchase or lease price of taxable goods and on utility services. Local sales taxes are not levied in Kentucky.

State and Local Property Taxes

The Kentucky Constitution requires the state to tax all classes of taxable property, and State statutes allow local jurisdictions to tax only a few of those classes. All locally taxed property is subject to county taxes and school district taxes (either a county school district or an independent school district). Property located inside the city limits may also be subject to city property taxes. Property assessments in Kentucky are at 100% fair cash value. Accounts receivable are taxed at 85% of face value. Special local taxing jurisdictions (fire protection districts, watershed districts and sanitation districts) levy taxes within their operating areas (usually a small portion of community or county).

The table below lists the assessed property valuation of the city as reported by the Department of Revenue, Frankfort, Kentucky.

Description	-----Tax Year-----				
	2016	2017	2018	2019	2020
Residential	\$273,842,515	\$274,947,542	\$302,894,852	\$312,310,459	\$347,567,387
Farm	\$0	\$0	\$0	\$0	\$0
Commercial	\$91,036,618	\$96,205,282	\$105,052,213	\$105,150,313	\$132,249,847
Total	\$364,879,133	\$371,152,824	\$407,947,065	\$417,460,772	\$479,817,234

Ten Largest Taxpayers

The following tables list the ten largest real property taxpayers of the City as reported by the Campbell County Property Valuation Administrator for 2020.

<u>Rank</u>	<u>Tax Payer</u>	<u>Real Property</u>
1	Gwynne Five LLC	\$17,000,000
2	Party Source Inc	\$6,285,000
3	LOTUS Hospitality Services LLC	\$6,205,000
4	Bellevue Re LLC	\$5,375,000
5	Klein, Sam W Trustee-Meshore	\$4,046,000
6	Great Scott LLC	\$4,010,000
7	Kroger Limited Partnership	\$2,724,811
8	Landmark Drive LLC	\$2,700,000
9	Buckhead Mountain Grill	\$2,512,800
10	Landry's Seafood House	\$1,243,513

The table below lists the tax collection history of the City as reported by Campbell County.

Tax Collection History

	<u>Fiscal Year</u> <u>2015</u>	<u>Fiscal Year</u> <u>2016</u>	<u>Fiscal Year</u> <u>2017</u>	<u>Fiscal Year</u> <u>2018</u>	<u>Fiscal Year</u> <u>2019</u>
% Collected Real Estate*					
Total Taxes Due	\$ 1,049,091	\$ 1,141,038	\$ 1,214,216	\$ 1,268,186	\$ 1,381,539
Total Taxes Collected	\$ 1,049,091	\$ 1,140,443	\$ 1,209,172	\$ 1,220,057	\$ 1,358,011
% Collected	100%	99%	99%	96%	*98%

**Total Taxes Collected as of 6/30/2019*

EDUCATION

Public Schools

	<u>Bellevue Independent Schools</u>	<u>Campbell County Schools</u>
Total Enrollment (2018-2019)	594	4,735
School Count	2	8

Vocational Training

Vocational training is available at both the State vocational-technical schools and the area vocational education centers. The State vocational-technical schools are post-secondary institutions. The area vocational education centers are designed to supplement the curriculum of high school students. Both the State vocational-technical

schools and the area vocational education centers offer evening courses to enable working adults to upgrade current job skills.

Arrangements can be made to provide training in the specific production skills required by an industrial plant. Instruction may be conducted either in the vocational school or in the industrial plant, depending upon the desired arrangement and the availability of special equipment.

Bluegrass State Skills Corporation

The Bluegrass State Skills Corporation, an independent public corporation created and funded by the Kentucky General Assembly, provides programs of skills training to meet the needs of business and industry from entry level to advanced training, and from upgrading present employees to retraining experienced workers. The Bluegrass State Skills Corporation is the primary source for skills training assistance for a new or existing company. The Corporation works in partnership with other employment and job training resources and programs, as well as Kentucky's economic development activities, to package a program customized to meet the specific needs of a company.

Technology Centers

	<u>Institution</u>	<u>Location</u>	<u>Cumulative Enrollment 2017-2018</u>	
Colleges	Kenton Co. Academies of Innovation and Technology	Fort Mitchell	534	and
	Campbell County ATC	Alexandria	298	
	Boone County ATC	Hebron	217	
	Carroll County ATC	Carrollton	726	
	Harrison County ATC	Cynthiana	446	
	Mason County ATC	Maysville	181	

Universities

	<u>Institution</u>	<u>Location</u>	<u>Enrollment Fall 2018</u>
	Northern Kentucky University	Highland Heights, KY	14,456
	Athenaeum of Ohio	Cincinnati, OH	195
	Cincinnati Christian University	Cincinnati, OH	750
	University of Cincinnati – Blue Ash	Cincinnati, OH	4,779
	Mount Saint Joseph University	Cincinnati, OH	2,010
	University of Cincinnati	Cincinnati, OH	37,155
	Xavier University	Cincinnati, OH	6,786
	Thomas More College	Crestview Hills, KY	2,064
	Miami University	Oxford, OH	19,700

EXISTING INDUSTRY IN CAMPBELL COUNTY, KENTUCKY

Firm	Product	Total Employed
<i>Cold Spring</i>		
Auto Vehicle Parts Co	Distribution center for automobile fasteners, industrial fasteners, rubber molding & weather strips	85
CCL Labels	Flexographic, letterpress and variable image printing for the prime and promotional markets	75
Fischer Special Manufacturing	Automatic screw machine products	65
Griffin Industries LLC	Regional Corporate headquarters	97
<i>Dayton</i>		
Fastemp Glass Co Inc.	Glass products for lighting fixtures, restaurant equipment, fire place doors, solar power products	30
<i>Newport</i>		
Defender Security Company	Customer response operation	61
Divisions Maintenance Group	Headquarters	118
Executive Transportation Service Inc	Freight transportation arrangement	40
Louis Trauth Dairy LLC	Fluid milk, cottage cheese, ice cream, fruit drinks, orange juice & ice cream mixes	101
Multi-Craft Inc	Commercial offset printing, marketing, full service bindery, mailing, fulfillment & promotional products.	48
National Band & Tag Co	Animal identification tags, including livestock ear tags, poultry wing bands, metal & bar coded identification tags	58
PL Marketing Inc	Headquarters	69
River Metals Recycling LLC	Scrap metal recycling	55
Wendling Printing Co	Offset printing and binding	32

PROPERTY TAX RATES

County-	Tax Year 2015			Tax Year 2016			Tax Year 2017			Tax Year 2018			Tax Year 2019		
	Real Estate	Tangible	Motor Vehicle	Real Estate	Tangible	Motor Vehicle	Real Estate	Tangible	Motor Vehicle	Real Estate	Tangible	Motor Vehicle	Real Estate	Tangible	Motor Vehicle
Extension Services	\$0.0330	\$0.0547	\$0.0200	\$0.0280	\$0.0547	\$0.0200	\$0.0280	\$0.0547	\$0.0200	\$0.0280	\$0.0547	\$0.0200	\$0.0250	\$0.0517	\$0.0200
General	\$0.1620	\$0.2430	\$0.1310	\$0.1670	\$0.2667	\$0.1310	\$0.1710	\$0.2704	\$0.1310	\$0.1710	\$0.2704	\$0.1310	\$0.1780	\$0.2734	\$0.1310
Health	\$0.0220	\$0.0220	\$0.0220	\$0.0220	\$0.0220	\$0.0220	\$0.0240	\$0.0240	\$0.0220	\$0.0240	\$0.0240	\$0.0240	\$0.0263	\$0.0263	\$0.0240
Library	\$0.0770	\$0.0908	\$0.0260	\$0.0780	\$0.0780	\$0.0260	\$0.0770	\$0.0770	\$0.0260	\$0.0750	\$0.0750	\$0.0260	\$0.0750	\$0.0750	\$0.0260
Soil Conservation	\$0.0028	\$0.0000	\$0.0000	\$0.0028	\$0.0000	\$0.0000	\$0.0028	\$0.0000	\$0.0000	\$0.0028	\$0.0000	\$0.0000	\$0.0030	\$0.0000	\$0.000
Totals:	\$0.2968	\$0.4105	\$0.1990	\$0.2978	\$0.4214	\$0.1990	\$0.3028	\$0.4261	\$0.1990	\$0.3008	\$0.4241	\$0.210	\$0.3073	\$0.4264	\$0.2010
School-															
Campbell Co. Schools	\$0.6300	\$0.6300	\$0.5220	\$0.6310	\$0.6310	\$0.5220	\$0.6410	\$0.6410	\$0.5220	\$0.6570	\$0.6570	\$0.5220	\$0.6420	\$0.6570	\$0.5220
Bellevue Independent	\$0.8320	\$0.8320	\$1.0140	\$0.8260	\$0.8330	\$1.0140	\$0.8620	\$0.8620	\$1.0140	\$0.8990	\$0.8990	\$1.0140	\$0.9740	\$0.9740	\$1.0140
City-															
Bellevue	\$0.3180	\$0.3270	\$0.3850	\$0.3130	\$0.4370	\$0.3850	\$0.3350	\$0.5000	\$0.3850	\$0.3480	\$0.4960	\$0.3850	\$0.3650	\$0.5320	\$0.3850

APPENDIX C

**CITY OF BELLEVUE, KENTUCKY
GENERAL OBLIGATION PUBLIC PROJECT AND REFUNDING BONDS, SERIES 2020**

AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS OF CITY OF BELLEVUE,
KENTUCKY FOR FISCAL YEAR ENDING JUNE 30, 2019

CITY OF BELLEVUE, KENTUCKY

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2019

CITY OF BELLEVUE, KENTUCKY
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2019

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the remaining aggregate fund information of the City of Bellevue, Kentucky, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

-Management's Responsibility for the Financial Statements

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

-Auditor's Responsibility

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

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

-Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the remaining aggregate fund information of the City of Bellevue, Kentucky as of June 30, 2019 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

-Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 3-6, the budgetary comparison schedules on pages 43-44, and the pension and other post-employment benefits disclosures on pages 45-48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

-Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The combining special revenue funds, proprietary funds, and non-major governmental funds financial statements are supplementary information and are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2020 on our consideration of the City of Bellevue, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bellevue, Kentucky's internal control over financial reporting and compliance.

Van Gorder, Walker & Co., Inc.

Van Gorder, Walker, & Co., Inc.

Erlanger, Kentucky

February 7, 2020

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

Our discussion and analysis of the City of Bellevue's financial performance for the fiscal year ended June 30, 2019, is intended to compliment the formal financial statements that begin on page 7. The formal financial statements, upon which the audit firm renders their opinion, can be fairly complex. The Auditors notes, which are in the last section of the report, must also comply with structured professional standards and can be difficult for a non-accounting professional to understand. This "management's discussion" portion is intended to assist our citizens and other stakeholders in gaining a clearer understanding of the information in the Annual Financial Reports.

FINANCIAL HIGHLIGHTS

- The general fund's beginning cash balance for the City was \$1.7 million, and the ending cash balance for the City was \$1.9 million.
- During fiscal 2019 the City's governmental funds revenues increased approximately \$357 thousand over the prior year revenues. The increase was due primarily to more revenues being inflated from payroll tax of \$104 thousand and intergovernmental revenues of \$184 thousand.
- The City's governmental fund expenditures increased approximately \$222 thousand over the prior year expenses. The increase was due primarily to more capital outlay expenses \$122 thousand and police department expenses of \$73 thousand.
- The City remains committed to increasing salaries above annual inflation rates to provide for merit increases in order to keep qualified employees.
- Lincoln Road - During fiscal year 2019, the City expended an additional \$422 thousand on engineering and road repair cost to improve the middle section of Lincoln Road. Sanitation District No. 1 reimbursed the City 50% of the cost, or approximately \$141 thousand. The top and bottom sections of the road are to be repaired in future years if the effected residents approve of a 13% special assessment cost for their share of a pending \$2.5 million grant.
- Hillside Slippage – The City expended \$88 thousand on the Hillside Slippage Project during fiscal year 2019. The initial engineering phase is approved for \$345 thousand and was approximately 70% complete. The total project is for \$2.3 million and the costs are to be a shared reimbursement of 75% federal share, 12% state share and 13 % local share.
- During fiscal year 2019, the City renewed the \$2.5 million bond anticipation note for two additional years that was used to purchase land on the city riverfront. Presently the bonds are due March 1, 2021.

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

REPORTING THE CITY AS A WHOLE

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

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

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

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$1,841,402 as of June 30, 2019. In accordance with GASB Statement No. 68 and GASB 75, in FY 2019 the City recognized \$5,062,944 in unfunded net pension and other post-employment benefits (OPEB) liabilities on its statement of net position.

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

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

Net Position for the period ending June 30, 2019 and 2018.

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

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

To account for an investment in a joint venture, along with the City of Dayton, Kentucky, in the Fire Department of Bellevue and Dayton, the City recognizes an annual adjustment to net position which accounts for one half of the net position of the fire department. At June 30, 2019 the investment in the joint venture was a liability balance of \$1,349,051, which is \$409,272 more than the prior year.

Governmental Funds

The following represents a summary of the City's revenue and expense for the fiscal years ending June 30, 2019 and 2018.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City is experiencing growth in revenues. The General Fund budget has anticipated growth in most revenue sources and the expenditures for the General Fund includes increases in operating and administrative expenses. In addition the budget for infrastructure projects includes the Fairfield Avenue Streetscape Project as the City continues to annually invest in its infrastructure, the Hillside Slippage repair project, and the Lincoln Avenue replacement project. The City does have adequate contingency funds to address any non-catastrophic unforeseen conditions and events. The fiscal year 2020 budget provides adequate resources for the continuation of services and programs at the present levels.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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

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

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

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

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

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

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

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

<p>CITY OF BELLEVUE, KENTUCKY RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2019</p>
--

Total fund balance per fund financial statements	\$ 2,737,753
<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>	7,721,763
<p>Investments in a joint venture in not reported in the funds, but are reported in the statement of net position.</p>	(1,349,051)
<p>Property tax to collect</p>	9,356
<p>Deferred losses on the defeasance of bonds are not included in the funds, but are recorded in the statement of net position.</p>	147,021
<p>Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, not reportable in the funds</p>	
Deferred outflow of resources - pensions	1,066,401
Deferred outflow of resources - OPEB	398,675
Deferred inflow of resources - pensions	(583,127)
Deferred inflow of resources - OPEB	(314,326)
<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	(5,312,150)
Capital lease obligations - fire department	(282,126)
Capital lease obligations	(42,623)
Compensated absences	(161,223)
Net unfunded pension liability	(3,913,991)
Net unfunded OPEB liability	(1,148,953)
Net position for governmental activities	<u>\$ (1,026,601)</u>

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

CITY OF BELLEVUE, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

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

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

(Continued on next page)

CITY OF BELLEVUE, KENTUCKY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED) For the Year Ended June 30, 2019
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	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
(From previous page)				
Excess (deficit) of revenues over (under) expenditures	<u>\$ 834,561</u>	<u>\$ 7,075</u>	<u>\$ (758,534)</u>	<u>\$ 83,102</u>
Other financing sources (uses)				
Gain from sale of assets	-	-	17,455	17,455
Proceeds from borrowings	-	-	30,995	30,995
Operating transfers in	-	118,243	547,997	666,240
Operating transfers (out)	<u>(558,313)</u>	<u>(35,000)</u>	<u>(72,927)</u>	<u>(666,240)</u>
Total other financing sources (uses)	<u>(558,313)</u>	<u>83,243</u>	<u>523,520</u>	<u>48,450</u>
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	276,248	90,318	(235,014)	131,552
Fund balances, beginning of year	<u>2,198,139</u>	<u>188,408</u>	<u>219,654</u>	<u>2,606,201</u>
Fund balances, end of year	<u><u>\$ 2,474,387</u></u>	<u><u>\$ 278,726</u></u>	<u><u>\$ (15,360)</u></u>	<u><u>\$ 2,737,753</u></u>

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

<p>CITY OF BELLEVUE, KENTUCKY 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, 2019</p>

Net change in fund balances-total governmental funds	\$ 131,552
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense:</p>	
Capital asset purchases capitalized	160,484
Depreciation expense	(179,468)
Gain on disposal of fixed assets	3,500
Amount of deferred loss on defeasance of bonds	(10,501)
<p>The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which new borrowings of (\$30,995) were less than repayments of \$162,193.</p>	
	131,198
Liability increase for compensated absences payable	25,865
<p>The changes to the City's Joint Venture in the Bellevue-Dayton Fire Department are not recognized in the funds, but are recorded as decreases (increases) in expenditures in the statement of activities</p>	
	(409,272)
<p>Governmental funds report City pension contributions as expenditures, however, in the statement of activities, the cost of pension benefits earned net of employer contributions is reported as pension expense</p>	
Cost of benefits earned - pensions	(240,054)
Cost of benefits earned - OPEB	(59,627)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. This year's amount is \$9,356 and last year's amount was (\$7,935).</p>	
	<u>1,421</u>
Change in net position of governmental activities	<u>\$ (444,902)</u>

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

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

Assets

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

Total assets 5,253,868

Deferred outflow of resources

Deferred loss on defeasance of bonds	<u>138,157</u>
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Total assets and deferred outflow of resources 5,392,025

Liabilities

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

Noncurrent liabilities	
Noncurrent portion of bond obligations	<u>2,382,451</u>

Total liabilities 2,524,022

Net position

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

Total net position \$ 2,868,003

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

CITY OF BELLEVUE, KENTUCKY Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds For the Year Ended June 30, 2019

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

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

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

Cash flows from operating activities

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

Net change in cash from operating activities 194,705

Cash flows from non-capital financing activities

Transfer in		-
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Net change in cash from non-capital financing activities -

Cash flows from capital and related financing activities

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

Net change in cash from capital and related financing activities (215,197)

Cash flows from investing activities

Interest income		8,377
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Net change in cash from investing activities 8,377

Change in cash and cash equivalents (12,115)

Cash and cash equivalents, beginning of year 485,888

Cash and cash equivalents, end of year \$ 473,773

Reconciliation of operating income to net cash provided by operating activities

Operating income \$ 174,283

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

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

Net change in cash from operating activities \$ 194,705

Schedule of non-cash transactions

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

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Bellevue, Kentucky, have been prepared in conformity with generally accepted principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the City are described below.

Reporting Financial Entity

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

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

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

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

Basis of Accounting

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

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

Basis of Presentation

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

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

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

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

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

The City has the following funds:

I. Governmental Fund Types

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

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

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

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

II. Proprietary Fund Type (Enterprise Fund)

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

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

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

A. The City has no fiduciary fund types.

Basis of Accounting

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

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

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

CITY OF BELLEVUE, KENTUCKY
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JUNE 30, 2019

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

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

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

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

Property Tax Revenues

Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the City. The billings are considered due upon receipt by the taxpayer and become delinquent on December 1. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are deposited into the General Fund. The 2018 property tax rates assessed for the year ended June 30, 2019, to finance the General Fund operations were \$0.348 per \$100 valuation for real property, and \$0.464 per \$100 valuation for business personal property and \$.385 per \$100 valuation for motor vehicles. Vehicle tax is collected by the County Clerk of Campbell County and are due and collected in the birth month of the vehicles' licensee.

Other Taxes

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

Capital Assets

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

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

<p>CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019</p>
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All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

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

Inter-fund Balances

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

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the City, an eligible employee with over 27 years of service for non-hazardous or 20 years for hazardous employment will receive retirement credit for the amount of work hours equal to accumulated sick leave hours up to 960 hours. The Kentucky County Employee Retirement System will calculate the credit at the time of an employee’s retirement. At June 30, 2019, the total sick leave payable is \$161,223 and is accounted for as long-term debt.

Budgetary Process

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

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

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

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

Cash and Cash Equivalents

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance Classification

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

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

Non-spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City did not have any Non-spendable resources at June 30, 2019.

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

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the board. These amounts cannot be used for any other purpose unless the board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for the use in satisfying those contractual requirements. The City did not have any committed resources as of June 30, 2019.

Assigned: This classification includes the amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Council or through the Council delegating this responsibility to the City manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The City had assigned resources as of June 30, 2019 for Debt Service, Capital Projects, Special Revenue Projects, and Community Development.

CITY OF BELLEVUE, KENTUCKY
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JUNE 30, 2019

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

Net Position

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

Operating Revenues and Expenses

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

Contributions of Capital

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

Inter-fund Activity

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

Pensions

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

Other Post-Employment Benefits

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

<p>CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019</p>
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from CERS' fiduciary net position have been determined on the same basis of as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Reclassifications

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

NOTE B – ESTIMATES

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

NOTE C – CASH AND CASH EQUIVALENTS

At year-end the carrying amount of the City's total cash and cash equivalents was \$2,705,003; which was covered by Federal Depository insurance and/or covered by collateral agreements and collateral held by the pledging banks' trust departments in the City's name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

Cash and cash equivalents at June 30, 2019 consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
Cash and cash equivalents	<u>\$ 2,730,853</u>	<u>\$ 2,705,003</u>
Breakdown per financial statements:		
Governmental funds		\$ 2,231,230
Proprietary funds		<u>473,773</u>
Total		<u>\$ 2,705,003</u>

NOTE D – INVESTMENT IN JOINT VENTURE

The City, along with the City of Dayton, Kentucky, own equal shares in a joint venture limited liability corporation, the Fire Department of Bellevue and Dayton (FDBD) Each City annually records, as an investment in joint venture, 50% of the net position of FDBD on its Statement of Net Position, and an adjustment for the amount of change is recognized in the Statement of Activities. The total investment in the joint venture at June 30, 2019 was a liability of (\$1,349,051). This liability increased \$409,272 from the previous year.

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

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

NOTE E – CAPITAL ASSETS

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

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<u>Governmental Activities</u>				
Land	\$ 3,847,424	\$ -	\$ -	\$ 3,847,424
Land improvements	396,090	-	-	396,090
Building and improvements	1,128,044	-	-	1,128,044
Playground equipment	115,891	-	-	115,891
Furniture and equipment	315,966	103,522	(6,339)	413,149
Vehicles and machinery	693,395	56,962	(116,622)	633,735
Harbor Green/Infrastructure	2,555,750	-	-	2,555,750
Streetscape/Infrastructure	697,540	-	-	697,540
Pedestrian bridge/Infrastructure	416,414	11,500	-	427,914
Construction in progress	-	-	-	-
Totals at historical cost	<u>10,166,514</u>	<u>171,984</u>	<u>(122,961)</u>	<u>10,215,537</u>
Less accumulated depreciation				
Land improvements - parks	(176,385)	(9,960)	-	(186,345)
Building and improvements	(497,397)	(22,299)	-	(519,696)
Playground equipment	(115,891)	-	-	(115,891)
Furniture and equipment	(270,243)	(23,640)	9,839	(284,044)
Vehicles and machinery	(553,844)	(49,944)	116,622	(487,166)
Infrastructure	(827,007)	(73,625)	-	(900,632)
Total accumulated depreciation	<u>(2,440,767)</u>	<u>(179,468)</u>	<u>126,461</u>	<u>(2,493,774)</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 7,725,747</u>	<u>\$ (7,484)</u>	<u>\$ 3,500</u>	<u>\$ 7,721,763</u>
<u>Business Type Activites</u>				
Land and land improvements				
Total at historical cost	\$ 5,465,050	\$ -	\$ (11,500)	\$ 5,453,550
Less accumulated depreciation	<u>(653,050)</u>	<u>(40,131)</u>	<u>-</u>	<u>(693,181)</u>
Business Type Activities				
Capital Assets - Net	<u>\$ 4,812,000</u>	<u>\$ (40,131)</u>	<u>\$ (11,500)</u>	<u>\$ 4,760,369</u>

Depreciation was charged to functions as follows:

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

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

NOTE F – CAPITAL LEASE PAYABLE

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

<u>Classes of Property</u>	<u>Book value as of June 30, 2019</u>
Vehicles and equipment	\$ 111,867
FDBD fire truck	282,126
	<u>\$ 393,993</u>

The following is a schedule by years of the future minimum lease payments under capital lease together with the present value of the net minimum lease payments as of June 30, 2019:

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

NOTE G – LONG TERM DEBT

The City has three general obligation public project bond issues outstanding at June 30, 2019, the Series 2012 for the Harbor Greene Project and the Refunding Series 2014 and 2011A for the Port Bellevue Project. These bonds are required to be fully paid within 20 years from the date of issue and are backed by the full faith and credit of the City.

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

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

Series 2011 and 2014 Refunding Bonds

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

Series 2012 Refunding Bonds

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

Series 2017 and 2019 Bond Anticipation Note

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

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

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

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

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

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

Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the City, at June 30, 2019 for debt services (principle and interest) are as follows:

Fiscal Year	Harbor Green Governmental Activities Public Project Bonds		Port Bellevue Business Type Activities Public Project Bonds	
	Principal	Interest	Principal	Interest
	2020	110,000	137,959	135,000
2021	2,600,000	134,675	135,000	78,100
2022	130,000	63,525	145,000	74,119
2023	130,000	61,705	155,000	69,769
2024	145,000	59,105	165,000	64,981
2025-2029	915,000	244,018	925,000	240,050
2030-2034	1,315,000	113,422	795,000	66,348
Totals	<u>\$ 5,345,000</u>	<u>\$ 814,409</u>	<u>\$ 2,455,000</u>	<u>\$ 675,160</u>

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

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

NOTE H – COMMITMENTS UNDER NONCAPITALIZED LEASES

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

NOTE I – COUNTY EMPLOYEES' RETIREMENT SYSTEM

Plan description - Employees are covered by CERS, a cost-sharing multiple-employer defined benefit pension and health insurance (Other Post-Employment Benefits; OPEB) plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute ("KRS") Section 61.645, the Board of Trustees of the Kentucky Retirement administers CERS and has the authority to establish and amend benefit provisions. The Kentucky

<p>CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019</p>
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Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

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

PENSION PLAN

Non-Hazardous Pension Plan Description

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

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

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

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

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

<p>CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019</p>
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Hazardous Pension Plan Description

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

For retirement purposes, employees are grouped into three tiers, based on hire date:

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

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

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

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

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

Contributions

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

The City made all required contributions for the non-hazardous Plan pension obligation for the fiscal year in the amount of \$126,417, of which \$95,460 was for the pension fund and \$30,957 was for the health insurance fund. The City also made all required contributions for the hazardous Plan pension obligation for the fiscal year in the amount of \$209,053, of which \$147,100 was for the pension fund and \$61,952 was for the health insurance fund.

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

At June 30, 2019, the City reported a liability of \$3,913,991 (\$1,498,702 – non-hazardous and \$2,415,289 – hazardous) as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the City's non-hazardous employer allocation proportion was 0.02461% of the total CERS non-hazardous duty employees and 0.099869% of the total CERS hazardous duty employees. For the year ended June 30, 2019, the City recognized an actuarial pension expense of \$240,054 in addition to its \$335,469 pension contribution.

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

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

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

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

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

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

Actuarial Assumptions

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

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

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

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

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

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

Changes of Assumptions

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

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

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

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

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

Discount Rate

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

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

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

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

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.

<p>CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019</p>
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Tier 1	Participation date	Before July 1, 2003
	Benefit eligibility	Recipient of a retirement allowance
	Percentage of member premium paid by the plan	< 4 years service - 0% 4-9 years service - 25% 10-14 years service - 50% 15-19 years service - 75% 20 or more years service - 100%
Tier 2	Participation date	July 1, 2003 - August 31, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 120 months of service at retirement
	Member premium paid by the plan	\$10/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2016, the contribution was \$12.99 per month.
Tier 3	Participation date	On or after September 1, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 180 months of service at retirement
	Member premium paid by the plan	\$10/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2016, the contribution was \$12.99 per month.

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

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

Hazardous OPEB Plan Description

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

<p>CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019</p>
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Tier 1	Participation date	Before July 1, 2003
	Benefit eligibility	Recipient of a retirement allowance
	Percentage of member premium paid by the plan	< 4 years service - 0% 4-9 years service - 25% 10-14 years service - 50% 15-19 years service - 75% 20 or more years service - 100%
Tier 2	Participation date	July 1, 2003 - August 31, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 120 months of service at retirement
	Member premium paid by the plan	\$15/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2016, the contribution was \$19.48 per month.
Tier 3	Participation date	On or after September 1, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 180 months of service at retirement
	Member premium paid by the plan	\$10/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2016, the contribution was \$19.48 per month.

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

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

Contributions

Contribution requirements for covered employees and participating governmental entities are established and may be amended by the KRS Trustees. The contractually required contribution rate for governmental entities for the year ended June 30, 2019, was 5.26% of covered-employee payroll for non-hazardous duty employees and 10.47% of covered-employee payroll for hazardous duty employees, actuarially determined as an amount that is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the City were \$30,957 for non-hazardous duty employees and \$61,952 for hazardous duty employees for the year ended June 30, 2019.

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

At June 30, 2019, the City reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all governmental entities, actuarially determined. At June

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

30, 2017, the City's proportion of the non-hazardous plan was .02461%. At June 30, 2018, the City's proportion of the hazardous plan was 0.099874%. For the year ended June 30, 2019, the City recognized an OPEB expense of \$59,627. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Non-Hazardous		Hazardous		Total	
	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	\$ -	\$ (50,914)	\$ -	\$ (79,575)	\$ -	\$ (130,489)
Net difference between projected actual earnings on plan investments	-	(30,093)	-	(67,694)	-	(97,787)
Changes of assumptions	87,254	(1,009)	218,512	(1,948)	305,766	(2,957)
Changes in proportion and differences between contributions and proportionate share of contributions	-	(17,194)	-	(65,898)	-	(83,092)
Contributions subsequent to the measurement date	30,957	-	61,952	-	92,909	-
	<u>\$ 118,211</u>	<u>\$ (99,210)</u>	<u>\$ 280,464</u>	<u>\$ (215,115)</u>	<u>\$ 398,675</u>	<u>\$ (314,325)</u>

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

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

Actuarial Assumptions

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

Actuarial cost method: Entry Age Normal

<p>CITY OF BELLEVUE, KENTUCKY NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019</p>
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Asset valuation method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method:	Level, percent of pay
Amortization period:	28 years, closed
Payroll growth rate:	2.00%
Investment return:	6.25%
Inflation	2.30%
Salary increases:	3.05%, average
Mortality:	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)
Healthcare trend rates (Pre-65):	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
Healthcare trend rates (Post-65):	Initial trend starting at 5.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years.

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

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

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

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

Changes of Assumptions

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

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

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

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

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

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

Discount Rate

The discount rate used to measure the total OPEB liability was 5.85% for the non-hazardous plan and 5.97% for the hazardous plan. The projection of cash flows used to determine the discount rate assumed that contributions from governmental entities will be made at contractually required rates, actuarially determined. Based on this assumption, the Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

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

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the proportionate share of the net OPEB liability, as well as what the proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Proportionate Share of Net OPEB Liability		
	1.00% Decrease	Current Rate	1.00% Increase
Healthcare cost trend rate			
Net OPEB liability, non-hazardous	\$ 325,271	\$ 436,892	\$ 568,462
Net OPEB liability, hazardous	484,948	712,061	993,350
Total	\$ 810,219	\$ 1,148,953	\$ 1,561,812

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

Plan Fiduciary Net Position

Both the Pension Plan and the Health Insurance Plan issue publicly available financial report that include financial statements and required supplementary information, and detailed information about each Plan's fiduciary net position. These reports may be obtained, in writing, from the County Employee Retirement System, 1260 Louisville Road, Perimeter Park West, Frankfort, Kentucky, 40601.

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

NOTE J – CONTINGENCIES

The City receives funding from Federal, State and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based upon the grantor's review, the funds are considered not to have been used for the intended purpose, the grantors may request a refund of monies advanced, or refuse to reimburse the City for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the City's grant programs is predicated upon the grantors satisfaction that the funds provided are being spent as intended and grantors intent to continue their programs.

NOTE K – LITIGATION

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

NOTE L – INSURANCE AND RELATED ACTIVITIES

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

NOTE M – COBRA

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

NOTE N – RISK MANAGEMENT

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

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

The City Attorney estimates that the amount of actual or potential claims against the City as of June 30, 2019, will not materially affect the financial condition of the City. Therefore, the General Fund contains no provision for estimated claims. No claim has exceeded insurance coverage amounts in the past three fiscal years.

NOTE O – KENT LOFTS TAX ABATEMENT / CONDUIT DEBT

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

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

NOTE P – DEFICIT FUND BALANCES

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

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

NOTE Q – TRANSFER OF FUNDS

The following transfers were made during the year:

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

NOTE R – IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

Statement No. 83 – *Certain Asset Retirement Obligations*

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

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

NOTE S – FUTURE ACCOUNTING STANDARDS

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

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

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

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

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

NOTE T – PRIOR PERIOD RECLASSIFICATION

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

NOTE U – SUBSEQUENT EVENTS

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

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

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

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

(Continued on next page)

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

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

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

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 95,460	\$ 88,316	\$ 87,086	\$ 77,401	\$ 73,677	\$ 72,893				
Actual contribution	95,460	88,316	87,086	77,401	73,677	72,893				
Contribution deficiency (excess)	-	-	-	-	-	-				
Covered payroll	588,533	609,914	624,274	623,195	577,861	530,516				
Contributions as a percentage of covered payroll	16.22%	14.48%	13.95%	12.42%	12.75%	13.74%				

Notes to Required Supplementary Information

The net pension liability as of June 30, 2019, is based on the June 30, 2018, actuarial valuation.. The changes to the elements of the pension expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between City's contributions and proportionate share of contributions are detailed in NOTE I in the Notes to the Financial Statements.

CITY OF BELLEVUE, KENTUCKY

**Required Supplementary Information - Multiple Employer, Cost Sharing, Defined Benefit Pension
Plan Disclosure - HAZARDOUS
For the Year Ended June 30, 2019**

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

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

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

	2019	2018	2017	2015	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 147,100	\$ 123,504	\$ 136,487	\$ 152,331	\$ 157,446	\$ 155,961				
Actual contribution	147,100	123,504	136,487	152,331	157,446	155,961				
Contribution deficiency (excess)	-	-	-	-	-	-				
Covered payroll	591,714	556,323	628,640	751,879	686,039	716,402				
Contributions as a percentage of covered payroll	24.86%	22.20%	21.71%	20.26%	22.95%	21.77%				

Notes to Required Supplementary Information

The net pension liability as of June 30, 2019, is based on the June 30, 2018, actuarial valuation.. The changes to the elements of the pension expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between City's contributions and proportionate share of contributions are detailed in NOTE I in the Notes to the Financial Statements.

CITY OF BELLEVUE, KENTUCKY

Required Supplementary Information - Multiple Employer, Cost Sharing, Defined Benefit OPEB

Plan Disclosure - NON-HAZARDOUS

For the Year Ended June 30, 2019

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

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

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

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

Notes to Required Supplementary Information

The net OPEB liability as of June 30, 2019, is based on the June 30, 2018, actuarial valuation.. The changes to the elements of the OPEB expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between City's contributions and proportionate share of contributions are detailed in NOTE I in the Notes to the Financial Statements.

CITY OF BELLEVUE, KENTUCKY**Required Supplementary Information - Multiple Employer, Cost Sharing, Defined Benefit OEPB
Plan Disclosure - HAZARDOUS
For the Year Ended June 30, 2019****Schedule of the City's Proportionate Share of the Net OPEB Liability
County Employees' Retirement Plan (CERS)**

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

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

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

Notes to Required Supplementary Information

The net OPEB liability as of June 30, 2019, is based on the June 30, 2018, actuarial valuation.. The changes to the elements of the OPEB expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between City's contributions and proportionate share of contributions are detailed in NOTE I in the Notes to the Financial Statements.

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

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

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

CITY OF BELLEVUE, KENTUCKY
COMBINING STATEMENT OF REVENES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2019

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

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

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

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

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

CITY OF BELLEVUE, KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUNDS
For the Year Ended June 30, 2019

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

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

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

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

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

CITY OF BELLEVUE, KENTUCKY
COMBINING STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

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

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



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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Bellevue, Kentucky as of June 30, 2019 and the related notes to the financial statements which collectively comprise the City of Bellevue, Kentucky's financial statements, and have issued our report thereon dated February 7, 2020.

Internal Control over Financial Reporting

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

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

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



Compliance and Other Matters

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

Purpose of this Report

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

Van Gorder, Walker + Co., Inc.

Van Gorder, Walker, & Co., Inc.
Erlanger, Kentucky
February 7, 2020

APPENDIX D

**CITY OF BELLEVUE, KENTUCKY
PUBLIC PROJECT AND REFUNDING OBLIGATION REFUNDING BONDS, SERIES 2020**

STATEMENT OF INDEBTEDNESS OF CITY CLERK/TREASURER

(e)	Obligations issued to pay costs of public projects to the extent they are issued in anticipation of the receipt of, and are payable as to principal from, federal or state grants within that fiscal year.....	\$0.00
(f)	Leases entered into under KRS 65.940 to 65.956 after July 15, 1996 which are not tax-supported leases.....	\$0.00
(g)	Bonds issued in the case of an emergency, when the public health or safety should so require	\$0.00
(h)	Bonds issued to fund a floating indebtedness	\$0.00
	TOTAL EXEMPT OBLIGATIONS.....	\$0.00

5. The total of bonds, notes and other obligations subject to the debt limitation set forth in KRS 66.041 (3 minus 4) is \$8,233,933

6. The total of bonds, notes and other obligations subject to the debt limitation set forth in KRS 66.041 as computed in 5 above, does not exceed 10%* of the assessed valuation of all the taxable property in the Issuer.

7. The current tax rate of the Issuer, for other than school purposes, upon the value of its taxable property is \$0.352 per \$100 of assessed valuation for real property and \$0.560, per \$100 of assessed valuation for tangible property, which does not exceed the maximum permissible tax rates for the Issuer as set forth in Section 157 of the Kentucky Constitution.

8. The issuance of the bonds, notes or other obligations set forth in 3 hereof will not cause the tax rate set forth in 7 hereof to increase in an amount which would exceed the maximum permissible tax rate for the Issuer as set forth in Section 157 of the Kentucky Constitution.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 2020.

By: _____
City Clerk/Treasurer

10% for cities having a population of fifteen thousand or more;
*5% for cities having a population of less than fifteen thousand but not less than three thousand; and
3% for cities having a population of less than three thousand.

APPENDIX E
CITY OF BELLEVUE, KENTUCKY
GENERAL OBLIGATION PUBLIC PROJECT AND REFUNDING BONDS, SERIES 2020

FORM OF LEGAL APPROVING OPINION OF BOND COUNSEL

The form of the legal approving opinion of Calfee, Halter & Griswold LLP (“Bond Counsel”) is set forth below. The actual opinion will be delivered on the date of delivery of the bonds referred to therein and may vary from the form set forth to reflect circumstances both factual and legal at the time of such delivery. Recirculation of the Final Official Statement shall create no implication that Bond Counsel has reviewed any of the matters set forth in such opinion subsequent to the date of such opinion.

Ladies and Gentlemen:

We have acted as bond counsel to the City of Bellevue, Kentucky (the “City”), and in such capacity have examined the transcript of proceedings relating to the issuance and sale of \$_____ General Obligation Public Project and Refunding Bonds, Series 2020 (the “Bonds”) of the City, dated November __, 2020. In addition, we have examined the law under authority of which the Bonds are issued and such other materials as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

On the basis of these examinations, we are of the opinion that, under existing law, the Bonds constitute valid and binding general obligations of the City, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by the application of bankruptcy, insolvency, reorganization, moratorium and other similar laws with respect to creditors’ rights generally, and by the application of general principles of equity. We are also of the opinion that the principal of and interest on the Bonds, unless paid from other sources, are to be paid from the proceeds of the levy of ad valorem taxes by the City on all taxable property in the City, within the limitations prescribed by law.

We are further of the opinion that, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended (the “Code”), and is not treated as an item of tax preference under Section 57 of the Code for purposes of the alternative minimum tax. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3)(B) of the Code. Interest on the Bonds is exempt from Kentucky income tax and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions. We express no opinion regarding other tax consequences caused by the receipt or accrual of interest on the Bonds.

In giving the foregoing opinion with respect to the treatment of the interest on the Bonds and the status of the Bonds under the federal tax laws, we have assumed and relied upon compliance with the City’s covenants and the accuracy of the City’s representations and certifications contained in the transcript. The accuracy of those representations and certifications, which we have not independently verified, and the City’s compliance with those covenants, may be necessary for the interest on the Bonds to be and remain excluded from gross income and for the other tax effects stated above. Failure to comply with certain requirements subsequent to issuance of the Bonds could cause interest thereon to be included in gross income for federal income tax purposes, in some cases retroactively to the date of issuance of the Bonds.

The interest on the Bonds may be subject to the branch profits tax imposed under Section 884 of the Code on certain foreign corporations doing business in the United States and to the tax imposed on the excess net passive income of certain S corporations by Section 1375 of the Code.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

APPENDIX F

**CITY OF BELLEVUE, KENTUCKY
GENERAL OBLIGATION PUBLIC PROJECT AND REFUNDING BONDS, SERIES 2020**

BOOK-ENTRY ONLY SYSTEM

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity date of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements

as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX G

**CITY OF BELLEVUE, KENTUCKY
GENERAL OBLIGATION PUBLIC PROJECT AND REFUNDING BONDS, SERIES 2020**

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

OFFICIAL TERMS AND CONDITIONS OF BOND SALE
\$3,100,000* City of Bellevue, Kentucky
General Obligation Public Project and Refunding Bonds, Series 2020

Notice is hereby given that electronic bids will be received by the City of Bellevue, Kentucky (the "City"), until 11:00 a.m., E.T. on October 27, 2020 (or at such later time and date announced at least forty-eight hours in advance via the PARITY system) for the purchase of the bonds herein described (the "Bonds"). Alternatively, written sealed or facsimile bids for the Bonds by the designated time will be received by the City Administrator, 616 Poplar Street, Bellevue, Kentucky 41073 (FAX: (859) 261-8387). Electronic bids must be submitted through PARITY described herein and no other provider of electronic bidding services will be accepted. Bids will be opened and acted upon later that same day.

STATUTORY AUTHORITY, PURPOSE OF ISSUE AND SECURITY

These Bonds are authorized pursuant to Section 66.011 to 66.181, inclusive, Chapter 58.010, *et. seq.* of the Kentucky Revised Statutes and a Bond Ordinance adopted by the City of Bellevue, Kentucky (the "City") on September 17, 2020 (the "Bond Ordinance"). The Bonds are general obligations and constitute a direct indebtedness of the City.

The Bonds are secured by the City's ability to levy and its pledge to levy ad valorem tax on all real and personal property within the City in an amount sufficient to pay the principal and interest on the Bonds when due.

The Bonds are being issued for the purpose of (i) refunding all of the City's outstanding City of Bellevue, Kentucky General Obligation Bond Anticipation Notes, Series 2019 (the "Series 2019 Notes") the proceeds of which refunded all of the City of Bellevue, Kentucky General Obligation Bond Anticipation Notes, Series 2017 (the "Series 2017 Notes") the proceeds of which were used to acquire public property within the City (the "Refunding Project"); (ii) to finance a portion of the costs of the installation, construction and equipping of retaining walls located adjacent to Bonnie Leslie Avenue, North Sherry Lane and South Sherry Lane to mitigate the impacts of hillside erosion on residential properties located within the City (the "New Money Project"); and (iii) paying costs related to the issuance of the Bonds.

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

The Bonds will be dated their date of initial delivery, bearing interest from such date, payable on the first day of each November and May, commencing, May 1, 2021, and are scheduled to mature on November 1 of each year as follows:

Year	Principal Amount	Year	Principal Amount
2021	\$130,000	2031	\$155,000
2022	\$135,000	2032	\$155,000
2023	\$135,000	2033	\$160,000
2024	\$135,000	2034	\$165,000
2025	\$140,000	2035	\$170,000
2026	\$140,000	2036	\$170,000
2027	\$140,000	2037	\$175,000
2028	\$145,000	2038	\$180,000
2029	\$145,000	2039	\$185,000
2030	\$150,000	2040	\$190,000

*Preliminary; subject to adjustment of maximum principal amount.

The Bonds maturing on and after November 1, 2027 shall be subject to optional redemption prior to their maturity on any date on or after May 1, 2027, in whole or in part, in such order of maturity as may be selected by the City and by lot within a maturity at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

U.S. Bank National Association, Kentucky, has been appointed Registrar and Paying Agent for the Bonds.

BIDDING CONDITIONS AND RESTRICTIONS

The terms and conditions of the sale of the Bonds are as follows:

- (A) Electronic bids for the Bonds must be submitted through the PARITY system and no other provider of electronic bidding services will be accepted. Subscription to the PARITY Competitive Bidding System is required in order to submit an electronic bid. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by PARITY shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in PARITY conflict with the terms of the Official Terms and Conditions of Bond Sale, this Official Terms and Conditions of Bond Sale shall prevail. Electronic bids made through the facilities of PARITY shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the City. The City shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by PARITY. The use of PARITY facilities are at the sole risk of the prospective bidders. Notwithstanding the foregoing non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form. Written sealed bids (in a sealed envelope marked "Official Bid for Bonds") or facsimile bids for the Bonds by the designated time will be received by the City Administrator, 616 Poplar Street, Bellevue, Kentucky 41073 (FAX: (859) 261-8387).
- (B) Bidders are required to bid for the entire issue of Bonds as a minimum price of not less than \$3,038,000 (98% of par), PAYABLE IN IMMEDIATELY AVAILABLE FUNDS.
- (C) Interest rates for the Bonds must be in multiples of one-eighth of one percent (0.125%) and/or one-twentieth of one percent (0.05%), which rates must be on an ascending scale, in that the rate on the applicable series of Bonds in any maturity is not less than the rate on the applicable series of Bonds for any preceding maturity and all Bonds of the same maturity and all Bonds of the same maturity and series shall bear the same and a single interest rate from the date thereof to maturity.
- (D) The determination of the best purchase bid for the Bonds shall be made on the basis of all bids submitted for exactly \$3,100,000 principal amount of Bonds offered for sale hereunder; but the City may adjust the principal amount of Bonds which may be awarded to such best bidder upward to a maximum of \$3,500,000. In the event of such adjustment of the principal amount, no rebidding or recalculation of a submitted bid will be required or permitted. The price of which such adjusted principal amount of Bonds will be sold will be the same price per \$1,000 of Bonds as the price per \$1,000 for the \$3,100,000 of Bonds bid.

- (E) Bidders have the option of specifying that Bonds maturing in any two or more consecutive years may, in lieu of maturing in each of such years, be combined to comprise one or more maturities of Bonds scheduled to mature in the latest of such year and be subject to mandatory sinking fund redemption at part in each of the years and in the principal amounts of such term Bonds scheduled in the year of maturity of the term Bonds, which principal amount shall mature in that year.
- (F) The successful bidder will be required to pay the cost for obtaining CUSIP identification numbers for the Bonds. CUSIP identification numbers will be printed on the Bonds at the expense of the City. Improper imprintation or the failure to imprint CUSIP numbers shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for the Bonds in accordance with the terms of any accepted proposal for the purchase of the Bonds.
- (G) The City will provide to the successful purchaser a Final Official Statement in accordance with SEC Rule 15c2-12. A final Official Statement will be provided in Electronic Form to the successful bidder, in sufficient time to meet the delivery requirements of the successful bidder under SEC and Municipal Securities Rulemaking Board Delivery Requirements. The successful bidder will be required to pay for the printing of the Final Official Statement.
- (H) Bids need not be accompanied by a certified or bank cashier's good faith check, but the successful bidder will be required to wire transfer to the order of the City an amount equal to \$62,000 by the close of business on the day following the award. Said good faith amount will be forfeited as liquidated damages in the event of a failure of the successful bidder to take delivery of such Bonds when ready. The good-faith amount will be applied (without interest) to the purchase price upon delivery of the Bonds. The successful bidder shall not be required to take delivery and pay for the Bonds unless delivery is made within 45 days from the date the bid is accepted.
- (I) The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. They will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond certificate will be issued for each maturity of the Bonds of each series, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Purchases of the Bonds under the DTC system must be made by or through securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations (the "Direct Participants"), which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (a "Beneficial Owner") is in turn to be recorded on the records of Direct Participants or securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant (the "Indirect Participants"). Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued. The successful bidder may also elect to notify the Financial Advisor within twenty-four (24) hours of the award that standard bond certificates be issued. In the event that certificated Bonds are to be issued at the election of a successful bidder, the costs of printing such Bond Certificates shall be borne by such bidder.
- (J) The City reserves the right to reject any and all bids or to waive any informality in any bid. The Bonds are offered for sale subject to the principal and interest on the Bonds not being subject to Federal or Kentucky income taxation or Kentucky ad valorem taxation on the date of their delivery

to the successful bidder, all in accordance with the final approving legal opinions of Calfee, Halter & Griswold LLP, which opinions will be qualified in accordance with the section hereof on TAX MATTERS.

- (K) Bidders are advised that RSA Advisors, LLC, Lexington, Kentucky has been employed as Financial Advisor in connection with the issuance of the Bonds. Their fee for services rendered in connection with the sale of the Bonds is contingent upon the issuance and delivery thereof.
- (L) As required by the Code, the purchaser(s) of the Bonds will be required to certify to the City as to certain of their activities regarding any reoffering to the public of the Bonds, including any reoffering prices. This information from the purchasers of the Bonds shall also be made available to the Financial Advisor immediately after the sale of the Bonds.
- (M) Unless bids for the Bonds are rejected, the Bonds will be awarded on an all or none basis on the sale date to the bidder whose bid result in the lowest net interest cost for each of the Bonds to be calculated as that rate (or yield) that, when used in computing the present worth of all payments of principal and interest on the Bonds (compounded semi-annually from the date of the Bonds, produces an amount equal to the purchase price of the Bonds, exclusive of accrued interest. For purposes of calculating the net interest cost, the principal amount of any Term Bonds scheduled for mandatory sinking fund redemption as part of the Term Bond shall be treated as a serial maturity in such year for the respective series of Bonds. In the event that two or more bidders offer to purchase the Bonds at the same lowest net interest cost, the Mayor, upon the advice of the City Administrator shall determine (in his sole discretion) which of the bidders shall be awarded the Bonds.
- (N) Additional information, including the Preliminary Official Statement, the Official Terms and Conditions of Bond Sale and the Official Bid Form, may be obtained from the City's Financial Advisor, RSA, LLC; 325 West Main Street, Suite 300; Lexington, Kentucky 40507 Telephone: (800) 255-0795 or at <http://www.rsamuni.com>. Further information regarding PARITY may be obtained from PARITY, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: (800) 850-7422.

CONTINUING DISCLOSURE

In accordance with Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule") the City (the "Obligated Person") will agree will agree pursuant to an Undertaking to be dated as of the date of issuance and delivery of the Bonds (the "Disclosure Undertaking"), to cause the following information to be provided:

- (i) to the Municipal Securities Rulemaking Board ("MSRB"), or any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by the MSRB's Electronic Municipal Market Access ("EMMA") system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission, certain annual financial information and operating data, including audited financial statements, generally consistent with the information contained in "Appendix B" and "Appendix C" of the Official Statement ("Financial Data"). The annual financial information shall be provided within 270 days after the end of the fiscal year ending June 30, commencing with the fiscal year ending June 30, 2014; provided that the audited financial statements may not be available by such date, but will be made available immediately upon delivery thereof by the auditors for the Obligated Person; and;

- (ii) to the MSRB through EMMA, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of the following events with respect to the Bonds:
- (a) Principal and interest payment delinquencies;
 - (b) Non-payment-related defaults, if material;
 - (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) Substitution of credit or liquidity providers, or their failure to perform;
 - (f) Adverse tax opinions, the issuance by the Internal Revenue Service of a proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (g) Modifications to rights of holders or beneficial owners of the Bonds, if material;
 - (h) Bond calls, if material, and tender offers;
 - (i) Defeasances;
 - (j) Release, substitution, or sale of property securing repayment of the Bonds, if material;
 - (k) Bankruptcy, insolvency, receivership, or similar event of the City;
 - (l) Consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (m) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - (n) Rating changes;
 - (o) Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material;
 - (p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.
- (iii) In a timely manner, to the MSRB through EMMA, notice of a failure (of which the Obligated Persons have knowledge) of the Obligated Person to provide the required Annual Financial Information on or before the date specified in the continuing disclosure agreements.

The Disclosure Undertaking provides bondholders, including beneficial owners of the Bonds, with certain enforcement rights in the event of a failure by the Obligated Person to comply with the terms thereof; however, a default under the Disclosure Undertaking does not constitute an event of default under the Ordinance. The Disclosure Undertaking may also be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein.

For purposes of this transaction with respect to the events as set forth in the Rule:

- (a) there are no debt service reserve funds applicable to the Bonds;
- (b) there are no credit enhancements applicable to the Bonds;
- (c) there are no liquidity providers applicable to the Bonds; and
- (d) there is no property securing the repayment of the Bonds.

TAX MATTERS

In the opinion of Calfee, Halter & Griswold LLP, Bond Counsel, under existing law the interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended (the “Code”), and is not treated as an item of tax preference for purposes of calculating the alternative minimum tax imposed by Section 55 of the Code. The Bonds are “qualified tax-exempt obligations” under Section 265(b)(3) of the Code. Further, the Bonds are not “private activity bonds” as defined in Section 141(a) of the Code. Interest on the Bonds is exempt from Kentucky income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications and continuing compliance with certain covenants of the City contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the City’s certifications and representations or the continuing compliance with the City’s covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel’s legal judgment as to the exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (the “IRS”) or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS or a reviewing court.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the City may cause the loss of such status and result in the interest on the Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The City has covenanted to take all actions required of it for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect such exclusion. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel’s attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the market prices of the Bonds.

Interest on the Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of

Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the holder of the Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a holder of Bonds is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the state legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest or other income on the Bonds or the market value of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Bonds at other than their original issuance should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the beneficial owners regarding the tax status of interest on the Bonds in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market prices for the Bonds.

Mayor, City of Bellevue, Kentucky

Dated: _____, 2020

APPENDIX H
CITY OF BELLEVUE, KENTUCKY
GENERAL OBLIGATION PUBLIC PROJECT AND REFUNDING BONDS, SERIES 2020

OFFICIAL BID FORM

**OFFICIAL BID FORM
SERIES 2020 BONDS**

Subject to the terms and conditions set forth in the Official Terms and Conditions of Bond Sale for \$3,100,000* of General Obligation Public Project and Refunding Bonds, Series 2020, dated their date of initial issuance and delivery (the "Bonds") offered for sale by the City of Bellevue, Kentucky (the "City") in accordance with the Preliminary Official Statement dated October 19, 2020 and the Notice of Bond Sale, as advertised in The Courier-Journal and the Campbell County Recorder to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase said Bonds.

We hereby bid for said \$3,100,000* principal amount of the Bonds, the total sum of \$_____ (not less than \$3,038,000) at the following annual rate(s), payable semiannually (rates on ascending scale, number of interest rates unlimited):

Maturity (November 1)	Principal Amount	Interest Rate	Maturity (November 1)	Principal Amount	Interest Rate
2021	\$130,000	____%	2031	\$155,000	____%
2022	\$135,000	____	2032	\$155,000	____
2023	\$135,000	____	2033	\$160,000	____
2024	\$135,000	____	2034	\$165,000	____
2025	\$140,000	____	2035	\$170,000	____
2026	\$140,000	____	2036	\$170,000	____
2027	\$140,000	____	2037	\$175,000	____
2028	\$145,000	____	2038	\$180,000	____
2029	\$145,000	____	2039	\$185,000	____
2030	\$150,000	____	2040	\$190,000	____

*Subject to permitted principal adjustment.

The Bonds maturing in the following years: _____ are sinking fund redemption amounts for term bonds due _____. The Bonds maturing in the following years _____ are sinking fund redemption amounts for term bonds due _____.

Bids may be submitted electronically via PARITY pursuant to this Notice until the appointed date and time, but no bid will be received after such time. Notwithstanding the foregoing, completed bid forms may be submitted until the appointed date and time (i) in a sealed envelope marked "Official Bid for Bonds" or (ii) by facsimile transmission, in each case delivered to the office of the City Administrator of the City of Bellevue, 616 Poplar Street, Bellevue, Kentucky 41073 (FAX: (859) 261-8387). Neither the City nor the Financial Advisor assumes any responsibility whatsoever with regard to the receipt of bids, or that adequate personnel and/or equipment are available to accept all facsimile transfers of bids before the appointed date and time of sale. Bidders have the sole responsibility of assuring that their bids have been received via facsimile or delivered before the appointed date and time of sale. Any bids in progress by facsimile at the appointed time will be considered as received by the appointed time. No bids will be received via telephone.

We understand this bid may be accepted with variations in maturing amounts at the same price per \$1,000 Bond, with the variation in such amount occurring in any maturity of all maturities, such variations to be determined by the City at the time of acceptance of the best bid.

It is understood that the City will furnish the final approving legal opinion of Calfee, Halter & Griswold LLP, Bond Counsel.