

BOOK-ENTRY ONLY

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

NEW ISSUE – BANK QUALIFIED

*In the opinion of Frost Brown Todd LLC, 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 have been designated as "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.*



**\$1,755,000\***  
**CITY OF BELLEVUE, KENTUCKY**  
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021**

**Dated:** Date of Initial Delivery

**Due:** December 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 June 1 and December 1, commencing December 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 Frost Brown Todd LLC, 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 September 9, 2021.

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 August 10, 2021. 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 BONDS<sup>1</sup>  
DECEMBER 1\*

<u>Maturity</u>	<u>Amount*</u>	<u>Interest Rate *</u>	<u>Price</u>	<u>CUSIP<sup>+</sup></u>
2021	\$130,000			
2022	135,000			
2023	135,000			
2024	140,000			
2025	145,000			
2026	145,000			
2027	140,000			
2028	150,000			
2029	150,000			
2030	160,000			
2031	160,000			
2032	165,000			

+ 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 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.

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

**CITY OF BELLEVUE, KENTUCKY**

*Mayor*

Charlie Cleves

*City Council*

Sean Fisher

Steve Guidugli

Pat Hogan

Shauna Kruse

Ryan Salzman

Scott Witte

*City Administrator*

Frank Warnock

*City Clerk/Treasurer*

Mary H. Scott

*City Attorney*

David Fessler, Esq.

**BOND COUNSEL**

Frost Brown Todd LLC

**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 \$1,755,000\* aggregate principal amount of General Obligation Refunding Bonds, Series 2021 (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, *et. seq.*, as amended, of the Kentucky Revised Statutes and an ordinance adopted by the City Council of the City on June 15, 2021.

### **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, paying and discharging the City of Bellevue, Kentucky General Obligation Refunding Bonds, Series 2011 (the "Series 2011 Bonds") the proceeds of which were used to refund those certain City of Bellevue, Kentucky General Obligation Public Project Bond Anticipation Notes (Port of Bellevue Project), Series 2001 the proceeds of which were used for the purposes of acquiring real estate and to construct and install various improvements around such real estate, including clearing, grading, and retaining improvements, water system improvements, sanitary system improvements, storm system improvements, paving improvements and landscaping improvements located within the City (the "Refunding Project"), and (ii) 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 December 1, 20\_\_ and thereafter are subject to optional redemption prior to maturity, commencing June 1, 20\_\_, (see "DESCRIPTION OF THE BONDS – Redemption Provisions – Optional Redemption," herein).

The Bonds maturing on December 1, 20\_\_ are subject to mandatory sinking fund redemption commencing December 1, 20\_\_ and the Bonds maturing on December 1, 20\_\_ are subject to mandatory sinking fund redemption commencing December 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 December 1 and June 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 December 1 and June 1, beginning December 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 have been designated as "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 Frost Brown Todd LLC, 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 September 9, 2021 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 December 1 and June 1, commencing December 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 December 1, 2028 shall be subject to optional redemption prior to their maturity on any date on or after June 1, 2028, 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 December 1, 20  
Date                      Amount

\_\_\_\_\_  
\*Final Maturity

Maturing December 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 2011 Bonds (the "Refunding Project"), and (ii) 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 2011 Bonds, plus accrued interest to the date of redemption, will be deposited in the bond fund and used to refund the Series 2011 Bonds on December 1, 2021. The remaining proceeds of the Bonds will be used to pay costs of issuance of the Bonds.

**SOURCES AND USES OF FUNDS**

**Sources:**

Bond Proceeds	[\$1,755,000]*
[Plus Original Issue Premium][Less Original Issue Discount]	
Total Sources	[ <u>\$1,755,000</u> ]*

**Uses:**

Underwriter's Discount	
Refunding Project	
Cost of Issuance	
Rounding Amount	
Total Uses	[\$1,755,000]*

**COVID-19**

The recent outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been detected and has spread in a pandemic manner in many countries, including the United States of America, as well as to each of its states, including the Commonwealth of Kentucky. The disease has been declared a Public Health Emergency of International Concern by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. Given the substantial and grave impact of COVID-19 on the health and wellbeing of Kentuckians, Governor Andy Beshear declared a state of emergency on March 6, 2020, in order to provide the Commonwealth with the necessary personnel, equipment and resources to address the impact of COVID-19. While the impact of the COVID-19 emergency has not materially adversely effected the collection of taxes and other revenues comprising the Pledged Receipts, the continued spread of the outbreak could have a material adverse effect on the economy and livelihood of the residents of the City and thereby its Pledged Receipts.

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 Kruse  
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 Bonds) is \$8,202,343\* leaving a balance of approximately \$15,788,518.70\* 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 Frost Brown Todd LLC, 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 Frost Brown Todd LLC. 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 Frost Brown Todd LLC, 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 have been designated as "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 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, 2021; 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 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, 2020, 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: \_\_\_\_\_  
Charlie Cleves, Mayor

Dated: \_\_\_\_\_, 2021

**APPENDIX A**

**CITY OF BELLEVUE, KENTUCKY  
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021**

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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 August 10, 2021 (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 \$\$1,755,000\* of the City's General Obligation Refunding Bonds, Series 2021. 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 December 1 of the years 2021 through 2032 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 Frost Brown Todd LLC, 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/ Charlie Cleves  
Mayor

**APPENDIX B**

**CITY OF BELLEVUE, KENTUCKY  
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021**

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ECONOMIC AND FINANCIAL DATA ON THE CITY OF BELLEVUE, KENTUCKY

## **CITY OF BELLEVUE, KENTUCKY**

Bellevue is located in Northern Kentucky and is located 1/2 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 2020. Campbell County had a population of 93,543 in 2020.

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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Northern Kentucky	385,692	388,611	391,657	394,269	394,269
Campbell County	92,211	92,488	93,464	93,543	93,543

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

### Population Projections

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

### Unemployment Statistics

Description	----- Year Ending December 31 -----				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>County of Campbell</b>					
Civilian Labor Force	48,187	49,517	50,530	51,083	49,362
Employment	46,314	47,635	48,865	49,301	46,533
Unemployment	1,873	1,882	1,665	1,782	2,829
Unemployment Rate	3.90%	3.80%	3.30%	3.50%	5.70%
<b>State of Kentucky:</b>					
Civilian Labor Force	2,012,279	2,052,368	2,057,791	2,072,586	1,998,456
Employment	1,909,158	1,952,066	1,968,611	1,983,577	1,861,208
Unemployment	103,121	100,302	89,180	89,009	137,248
Unemployment Rate	5.10%	4.90%	4.30%	4.30%	6.90%
<b>US Comparable Rate:</b>					
Unemployment Rate	4.90%	4.40%	3.90%	3.70%	8.10%

*Not Seasonally Adjusted*

*Source: The Kentucky Center for Statistics*

## 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 Magistrates are elected to serve a four-year term.

### Planning and Zoning

Mandatory state codes enforced—Kentucky Plumbing Code, National Electric Code, Kentucky Boiler Regulations and 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 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	\$14,750,000
2	Party Source Inc	\$6,285,000
3	LOTUS Hospitality Services LLC	\$6,205,000
4	Bellevue Re LLC	\$6,700,000
5	Klein, Sam W Trustee-Meshore	\$4,046,000
6	Great Scott LLC	\$4,010,000
7	Landry's Seafood House	\$3,007,500
8	Landmark Drive LLC	\$2,976,350
9	Kroger Limited Partnership	\$2,724,811
10	Buckhead Mountain Grill	\$2,512,800

The table below lists the tax collection history of the City.

**Tax Collection History**

	<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>	<u>Fiscal Year</u> <u>2020</u>
<b>% Collected Real Estate*</b>					
Total Taxes Due	\$1,141,038	\$1,214,216	\$1,269,186	\$1,381,539	\$1,484,489
Total Taxes Collected	\$1,140,443	\$1,209,172	\$1,220,057	\$1,358,011	\$1,475,955
% Collected	99%	99%	96%	98%	99%

**EDUCATION**

**Public Schools**

	<u>Bellevue Independent Schools</u>	<u>Campbell County Schools</u>
Total Enrollment (2019-2020)	599	4,973
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 2018-2019</u>
Kenton Co. Academies of Innovation and Technology	Fort Mitchell	508
Campbell County ATC	Alexandria	286
Boone County ATC	Hebron	215
Carroll County ATC	Carrollton	420
Harrison County ATC	Cynthiana	556
Mason County ATC	Maysville	198

## Colleges and Universities

<u>Institution</u>	<u>Location</u>	<u>Enrollment Fall 2019</u>
Northern Kentucky University	Highland Heights	15,678
Athenaeum of Ohio	Cincinnati	51
Cincinnati Christian University	Cincinnati	776
University of Cincinnati	Cincinnati	25,973
Mount Saint Joseph University	Cincinnati	1,450
Xavier University	Cincinnati	5,047
Thomas More College	Crestview Hills	2,238
Miami University	Oxford	17,246



## EXISTING INDUSTRY

Firm	Product	Total Employed
<i><b>Cold Spring</b></i>		
Auto Fastener Group	Repackaging/distribution of automotive after- market fastener products	90
Auto Vehicle Parts Co.	Distribution center for automobile fasteners, industrial fasteners, rubber molding & weather strips	100
CCL Labels	Flexographic, letterpress and variable image printing for the prime and promotional markets	75
Darling Ingredients Inc.	Regional corporate headquarters	115
Fischer Special Manufacturing	Automatic screw machine products	65
<i><b>Dayton</b></i>		
Active Radiator	Truck and industrial radiators	15
Advertiser Printers Inc.	Commercial offset printing/binding	28
Cobb Inc.	Electronic prepress work & typesetting, digital printing, offset printing, binding & mailing	7
Fastemp Glass Co. Inc.	Glass products for lighting fixtures, restaurant equipment, fire place doors, solar power products	30
Metal Solutions Design & Fabrication LLC	Manufacture DOT certified metal containers for nuclear waste	18
<i><b>Newport</b></i>		
David J. Joseph Co.	Metals brokerage office	40
Defender Security Company	Customer response operation	68
Divisions Maintenance Group	Headquarters	160
Dixie Chili Inc.	Manufacture and distribute canned beef & vegetarian chili	16
Engineered Building Systems, Inc.	Engineering firm	9
Ethos Laboratories	Blood, urinalysis and general chemistry testing	85
Executive Transportation Service Inc.	Freight transportation arrangement	32
International Identification Inc.	Animal identification tags, including livestock ear tags, poultry wing bands, metal & bar coded ID tags	75
New Riff Distilling LLC	Craft distillery and event center	33
PL Marketing Inc.	Headquarters	265
River Metals Recycling LLC	Scrap metal recycling	45
Steinhauser Inc.	Packaging, pressure sensitive labels	34
Wendling Printing Co.	Offset printing and binding	20
Wood Hudson Cancer Research Laboratory	Laboratory: research & development	4
XPO Logistics Inc.	XPO Freight brokerage	21

***Wilder***

Andrews Laser Works Corp	Provider of laser processing, metal stamping, welding, fabrication & machining services; and manufacturer of jet engine components	100
Castellini Company LLC	Distribute produce	360
Eckert Welding & Erectors Inc.	Arc, gas, MIG, TIG & heliarc welding	15
Ferrous85' Company	Steel toll processor of rolled steel	11
M C Steel and Crane Service Inc.	Steel service center	24
Maxim Crane Works	Heavy construction equipment & regional office	178
TMK IPSCO Tubulars Kentucky	Manufacture steel pipes for oil & gas industry	349
Trophy Awards Manufacturing	Awards	35
Valcom Enterprises Inc.	Custom commercial interior & exterior metal & drywall partitions	15
W B Jones Spring Co. Inc.	Manufacturer of compression, extension & torsion springs	18
W J Baker Co.	Metal stampings and tubular spacers	16
Wilder Hot Mix Asphalt Plant	Hot mix asphalt paving mixture, construction	2
Wilder Iron Works LLC	Manufacture & install ornamental iron work products and related products	5
Zenith Motors	Manufacturer of electric shuffle and cargo vans	10

*Source: Kentucky Cabinet for Economic Development (1/7/2020)*

**PROPERTY TAX RATES**

	-----Tax Year 2016-----			-----Tax Year 2017-----			-----Tax Year 2018-----			-----Tax Year 2019-----			-----Tax Year 2020-----		
	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
<b>County-</b>															
Extension Services	\$0.0280	\$0.0547	\$0.0200	\$0.0280	\$0.0547	\$0.0200	\$0.0280	\$0.0547	\$0.0200	\$0.0250	\$0.0517	\$0.0200	\$0.0235	\$0.0502	\$0.0200
General	\$0.1670	\$0.2667	\$0.1310	\$0.1710	\$0.2704	\$0.1310	\$0.1710	\$0.2704	\$0.1310	\$0.1780	\$0.2734	\$0.1310	\$0.1780	\$0.2785	\$0.1310
Health	\$0.0220	\$0.0220	\$0.0220	\$0.0240	\$0.0240	\$0.0220	\$0.0240	\$0.0240	\$0.0240	\$0.0263	\$0.0263	\$0.0240	\$0.0250	\$0.0250	\$0.0263
Library	\$0.0780	\$0.0780	\$0.0260	\$0.0770	\$0.0770	\$0.0260	\$0.0750	\$0.0750	\$0.0260	\$0.0750	\$0.0750	\$0.0260	\$0.0740	\$0.0740	\$0.0260
Soil Conservation	\$0.0028	\$0.0000	\$0.0000	\$0.0028	\$0.0000	\$0.0000	\$0.0028	\$0.0000	\$0.0000	\$0.0030	\$0.0000	\$0.0000	\$0.0030	\$0.0000	\$0.0000
<b>Totals:</b>	<b>\$0.2978</b>	<b>\$0.4214</b>	<b>\$0.1990</b>	<b>\$0.3028</b>	<b>\$0.4261</b>	<b>\$0.1990</b>	<b>\$0.3008</b>	<b>\$0.4241</b>	<b>\$0.2010</b>	<b>\$0.3073</b>	<b>\$0.4264</b>	<b>\$0.2010</b>	<b>\$0.3035</b>	<b>\$0.4277</b>	<b>\$0.2033</b>
<b>School-</b>															
Campbell Co. Schools	\$0.6310	\$0.6310	\$0.5220	\$0.6410	\$0.6410	\$0.5220	\$0.6570	\$0.6570	\$0.5220	\$0.6420	\$0.6570	\$0.5220	\$0.6580	\$0.6580	\$0.5220
Bellevue Independent	\$0.8260	\$0.8330	\$1.0140	\$0.8620	\$0.8620	\$1.0140	\$0.8990	\$0.8990	\$1.0140	\$0.9740	\$0.9740	\$1.0140	\$0.9170	\$0.9750	\$1.0140
<b>City-</b>															
Bellevue	\$0.3130	\$0.4370	\$0.3850	\$0.3350	\$0.5000	\$0.3850	\$0.3480	\$0.4960	\$0.3850	\$0.3650	\$0.5320	\$0.3850	\$0.3520	\$0.5600	\$0.3850

**APPENDIX C**

**CITY OF BELLEVUE, KENTUCKY  
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021**

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AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS OF CITY OF BELLEVUE,  
KENTUCKY FOR FISCAL YEAR ENDING JUNE 30, 2020

**CITY OF BELLEVUE, KENTUCKY**

**ANNUAL FINANCIAL REPORT**

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

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

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## INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

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

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

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

## **Other Matters**

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2021 on our consideration of the City of Bellevue, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Bellevue, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bellevue, Kentucky's internal control over financial reporting and compliance.

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

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

Erlanger, Kentucky

February 5, 2021



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

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

**FINANCIAL HIGHLIGHTS**

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

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

**REPORTING THE CITY AS A WHOLE**

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

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

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

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

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

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

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

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

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

## Governmental Funds

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

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

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

(Continued on next page)

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

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

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

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

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

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

**Assets**

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

**Total assets** 6,709,773

**Deferred outflow of resources**

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

**Liabilities**

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

**Total liabilities** 2,390,627

**Net position**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Cash flows from investing activities**

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

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

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

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

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

Operating income \$ 145,774

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

Depreciation 40,131

Change in assets and liabilities

    Account receivable (1,393)

    Accounts payable 1,223

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

**Schedule of non-cash transactions**

Depreciation \$ 40,131

Amortization of loss on bond defeasance 10,325

Capital contribution - building 1,600,000

Transfer out - real estate to fixed assets 50,456

\$ 1,700,912

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

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

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

### Reporting Financial Entity

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

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

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

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

### Basis of Accounting

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

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

Basis of Presentation

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

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

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

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

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

The City has the following funds:

I. Governmental Fund Types

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



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

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

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

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

II. Proprietary Fund Type (Enterprise Fund)

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

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

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

A. The City has no fiduciary fund types.

Basis of Accounting

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

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

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

<b>CITY OF BELLEVUE, KENTUCKY</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2020</b>
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City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenues from non-exchange transactions must also be available before it can be recognized.

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

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

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

#### Property Tax Revenues

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

#### Other Taxes

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

#### Capital Assets

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

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

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

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

Inter-fund Balances

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

Accumulated Unpaid Sick Leave Benefits

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

Budgetary Process

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

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

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

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

Cash and Cash Equivalents

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance Classification

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

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

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

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

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

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

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

Net Position

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

Operating Revenues and Expenses

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

Contributions of Capital

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

Inter-fund Activity

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

Pensions

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

Other Post-Employment Benefits

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

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

Reclassifications

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

**NOTE B – ESTIMATES**

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

**NOTE C – CASH AND CASH EQUIVALENTS**

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

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

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

**NOTE D – INVESTMENT IN JOINT VENTURE**

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

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

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

**NOTE E – CAPITAL ASSETS**

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

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

Depreciation was charged to functions as follows:

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

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

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

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

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

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

**NOTE G – LONG TERM DEBT**

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

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



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

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

Series 2012 Refunding Bonds

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

Series 2017 and 2019 Bond Anticipation Note

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

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

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

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

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

<b>CITY OF BELLEVUE, KENTUCKY</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2020</b>
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Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the City, at June 30, 2020 for debt services (principal and interest) are as follows:

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

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

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

**NOTE H – COMMITMENTS UNDER NONCAPITALIZED LEASES**

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

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

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

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establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

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

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

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

**PENSION PLAN**

**Non-Hazardous Pension Plan Description**

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

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

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years of service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to

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

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

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

**Hazardous Pension Plan Description**

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

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

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

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

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

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

**Contributions**

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

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

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

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

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

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

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

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

The City's contributions subsequent to the measurement date of \$311,795 will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ending June 30,	Net Deferral
2020	\$ 232,890
2021	94,979
2022	48,069
2023	4,468
2024	-
Thereafter	-
	<u>\$ 380,406</u>

### Actuarial Assumptions

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

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

<b>CITY OF BELLEVUE, KENTUCKY</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2020</b>
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The mortality table used for active members is Pub-2010 General Mortality table for the Non-Hazardous System and the Pub-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was Pub-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

**Changes of Assumptions**

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

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

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

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

**Discount Rate**

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

<b>CITY OF BELLEVUE, KENTUCKY</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2020</b>
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**Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

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

	Proportionate Share of Net Pension Liability		
	1% Decrease	Current Rate	1% Increase
	5.25%	6.25%	7.25%
Non-hazardous	\$ 2,075,761	\$ 1,659,658	\$ 1,312,840
Hazardous	3,562,343	2,849,363	2,264,822
Total	<u>\$ 5,638,104</u>	<u>\$ 4,509,021</u>	<u>\$ 3,577,662</u>

**HEALTH INSURANCE – OTHER POST-EMPLOYMENT BENEFITS**

**Non-Hazardous OPEB Plan Description**

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

Tier 1	Participation date	Before July 1, 2003
	Benefit eligibility	Recipient of a retirement allowance
	Percentage of member premium paid by the plan	< 4 years service - 0% 4-9 years service - 25% 10-14 years service - 50% 15-19 years service - 75% 20 or more years service - 100%
Tier 2	Participation date	July 1, 2003 - August 31, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 120 months of service at retirement
	Member premium paid by the plan	\$10/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2018, the contribution was \$13.38 per month.
Tier 3	Participation date	On or after September 1, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 180 months of service at retirement
	Member premium paid by the plan	\$10/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2018, the contribution was \$13.38 per month.



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

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

**Hazardous OPEB Plan Description**

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

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

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

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

<b>CITY OF BELLEVUE, KENTUCKY</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2020</b>
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**Contributions**

Contribution requirements for covered employees and participating governmental entities are established and may be amended by the KRS Trustees. The contractually required contribution rate for governmental entities was 4.76% of covered-employee payroll for non-hazardous duty employees and 9.52% for hazardous duty employees; actuarially determined as an amount that is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the City were \$30,664 for non-hazardous duty employees and \$59,370 for hazardous duty employees for the year ended June 30, 2020.

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

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

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

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

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

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

### Actuarial Assumptions

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

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

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

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

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

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

**Changes of Assumptions**

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

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

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

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

**Discount Rate**

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

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

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

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

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

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

	Proportionate Share of Net OPEB Liability		
	1.00% Decrease	Current Rate	1.00% Increase
Healthcare cost trend rate			
Net OPEB liability, non-hazardous	\$ 520,130	\$ 531,558	\$ 43,521
Net OPEB liability, hazardous	1,046,185	1,064,584	118,314
Total	\$ 1,566,315	\$ 1,596,142	\$ 161,835

**Plan Fiduciary Net Position**

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

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

**NOTE J – CONTINGENCIES**

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

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

**CITY OF BELLEVUE, KENTUCKY**  
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**JUNE 30, 2020**

**NOTE K – LITIGATION**

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

**NOTE L – INSURANCE AND RELATED ACTIVITIES**

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

**NOTE M – COBRA**

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

**NOTE N – RISK MANAGEMENT**

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

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

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

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

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

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

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

**NOTE Q – TRANSFER OF FUNDS**

The following transfers were made during the year:

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

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

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

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

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

**NOTE S – FUTURE ACCOUNTING STANDARDS**

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

Statement No. 87 – *Leases – FY 2022*

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

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

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

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

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

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

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

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

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

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

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

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

**NOTE U - CARES ACT FUNDING**

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

**NOTE V – SUBSEQUENT EVENTS**

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

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



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

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

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

(Continued on next page)

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

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

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

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

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

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

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

**Notes to Required Supplementary Information**

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

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

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

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

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

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

**Notes to Required Supplementary Information**

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

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

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

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

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

**Notes to Required Supplementary Information**

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

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

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

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

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

**Notes to Required Supplementary Information**

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Bellevue, Kentucky as of June 30, 2020 and the related notes to the financial statements which collectively comprise the City of Bellevue, Kentucky's financial statements, and have issued our report thereon dated February 5, 2021.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

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

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

Erlanger, Kentucky

February 5, 2021

**APPENDIX D**

**CITY OF BELLEVUE, KENTUCKY  
PUBLIC PROJECT AND REFUNDING OBLIGATION REFUNDING BONDS, SERIES 2021**

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STATEMENT OF INDEBTEDNESS OF CITY CLERK/TREASURER

STATEMENT OF INDEBTEDNESS

KY CONST. §§157 and 158  
KRS §66.041

COMMONWEALTH OF KENTUCKY )  
  )     SS  
COUNTY OF CAMPBELL                 )

The undersigned City Clerk/Treasurer of the City of Bellevue, Kentucky, Commonwealth of Kentucky (the "Issuer"), does hereby certify that the following statements concerning the financial condition of said Issuer are true and correct as they appear from records of the Issuer:

1.	The assessed valuation of all the taxable property in the Issuer as estimated on the last certified assessment is .....	\$479,817,234
2.	The current population of the Issuer is .....	5,715
3.	The total of all bonds, notes and other obligations currently issued and outstanding, including the present Bonds of \$1,755,000* .....	\$8,202,343.00
4.	Bonds, notes and other obligations excluded from the calculation of net indebtedness are as follows:	
(a)	Obligations issued in anticipation of the levy or collection of special assessments which are payable solely from those assessments or are otherwise self-supporting obligations . . . . .	\$0.00
(b)	Obligations issued in anticipation of the collection of current taxes or revenues for the fiscal year which are payable within that fiscal year .....	\$0.00
(c)	Obligations, which are not self-supporting obligations, issued after July 15, 1996 by any instrumentality of the Issuer created for the purpose of financing public projects for which there has been no pledge to the payment of debt charges of any tax of the Issuer or for which there is no covenant by the Issuer to collect or levy a tax to pay debt charges .....	\$0.00
(d)	Self-supporting obligations and other obligations for which there has been no pledge to the payment of debt charges of any tax of the Issuer or for which there is no covenant by the Issuer to collect or levy a tax to pay debt charges .....	\$0.00



(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 ..... \$8,202,343.00

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 5%\* 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 August, 2021.

By: \_\_\_\_\_  
City Clerk/Treasurer

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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 REFUNDING BONDS, SERIES 2021**

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FORM OF LEGAL APPROVING OPINION OF BOND COUNSEL

The form of the legal approving opinion of Frost Brown Todd LLC ("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 Refunding Bonds, Series 2021 (the "Bonds") of the City, dated \_\_\_\_\_, 2021. 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. 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.

The City has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) 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 REFUNDING BONDS, SERIES 2021**

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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](http://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 REFUNDING BONDS, SERIES 2021**

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OFFICIAL TERMS AND CONDITIONS OF BOND SALE

**OFFICIAL TERMS AND CONDITIONS OF BOND SALE**  
**\$1,755,000\* City of Bellevue, Kentucky**  
**General Obligation Refunding Bonds, Series 2021**

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 August 10, 2021 (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, of the Kentucky Revised Statutes and a Bond Ordinance adopted by the City of Bellevue, Kentucky (the "City") on June 15, 2021 (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, paying and discharging the City of Bellevue, Kentucky General Obligation Refunding Bonds, Series 2011 (the "Series 2011 Bonds") the proceeds of which were used to refund those certain City of Bellevue, Kentucky General Obligation Public Project Bond Anticipation Notes (Port of Bellevue Project), Series 2001 the proceeds of which were used for the purposes of acquiring real estate and to construct and install various improvements around such real estate, including clearing, grading, and retaining improvements, water system improvements, sanitary system improvements, storm system improvements, paving improvements and landscaping improvements located within the City (the "Refunding Project"), and (ii) paying the costs of issuing 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 December and June, commencing, December 1, 2021, and are scheduled to mature on December 1 of each year as follows:

<b>Year</b>	<b>Principal Amount</b>
2021	\$130,000
2022	\$135,000
2023	\$135,000
2024	\$140,000
2025	\$145,000
2026	\$145,000
2027	\$140,000
2028	\$150,000
2029	\$150,000
2030	\$160,000
2031	\$160,000
2032	\$165,000



\*Preliminary; subject to adjustment of maximum principal amount.

The Bonds maturing on and after December 1, 20\_\_ shall be subject to optional redemption prior to their maturity on any date on or after June 1, 20\_\_, 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 [\$1,719,900] (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 each of the Bonds shall be made on the basis of the lowest true interest cost (TIC) of all bids submitted for exactly \$[\_\_\_\_\_] principal amount of Bonds offered for sale hereunder. The City reserves the right to increase the total principal amount of Bonds sold to such best bidder in the amount not exceeding \$[\_\_\_\_\_] or decrease the total principal amount of Bonds sold to such best bidder in any amount determined by the Corporation to be in the best interest of the Corporation (the "Permitted Adjustment") with such increase or decrease to be made in any maturity. In the event of any such adjustment, no rebidding or recalculation of a submitted bid will be required or permitted, and the Underwriter's Discount on the Bonds as submitted by the successful bidder shall be held constant. The Underwriter's Discount shall be defined as the difference between the purchase price of the Bonds submitted by the bidder and the price at which the Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the 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 \$[\_\_\_\_\_] 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) If three (3) or more bids for the Bonds are received as a result of this competitive sale, the successful purchaser will be required to certify on or before the issue date the reasonably expected initial offering price to the public as of the Sale Date for each Maturity of the Bonds which prices are the prices for each Maturity of the Bonds used by the successful purchaser in formulating its bid to purchase the Bonds.

- (K) If less than three (3) bids for the Bonds are received as a result of this competitive sale, the successful purchaser, by submitting a bid pursuant to a published Notice of Sale, has agreed in writing that they will certify on or before the issue date (and provide reasonable supporting documentation for such Certification, such as a copy of the Pricing wire or equivalent communication) for each Maturity of the Bonds (i) the first price at which at least 10% of each Maturity of the Bonds was sold to the Public, or (ii) that they will neither offer nor sell any of the Bonds of each Maturity to any person at a price that is higher than the Initial Offering Price for such maturity during the Holding Period for such Maturity.

Bids will not be subject to cancellation or withdrawal by the bidder in the event that three bids are not received and the Issuer determines to apply the hold-the-offering-price rule.

For purposes of the above the following terms are defined as follows:

(a) *"Holding Period"* means, with respect to a Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the successful purchaser has sold at least 10% of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(b) *"Maturity"* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(c) *"Public"* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

(d) *"Sale Date"* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is June 17, 2021.

(e) *"Underwriter"* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

- (K) 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 Frost Brown Todd LLC, which opinions will be qualified in accordance with the section hereof on TAX MATTERS.

- (L) 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.

- (M) 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.

- (N) 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.
- (O) 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.
- (P) As required by the Code, the purchaser 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.

#### **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, 2021; 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 Frost Brown Todd LLC, 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.

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City Clerk/Treasurer

Dated: \_\_\_\_\_, 2021

**APPENDIX H**  
**CITY OF BELLEVUE, KENTUCKY**  
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021**

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OFFICIAL BID FORM



**OFFICIAL BID FORM  
SERIES 2021 BONDS**

Subject to the terms and conditions set forth in the Official Terms and Conditions of Bond Sale for \$1,755,000\* of General Obligation Refunding Bonds, Series 2021, 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 August \_\_, 2021 and the Notice of Bond Sale to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase said Bonds.

We hereby bid for said \$1,755,000\* principal amount of the Bonds, the total sum of \$\_\_\_\_\_ (not less than \$1,719,900) at the following annual rate(s), payable semiannually (rates on ascending scale, number of interest rates unlimited):

<b>Maturity (December 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2021	\$130,000	____%
2022	\$135,000	____
2023	\$135,000	____
2024	\$140,000	____
2025	\$145,000	____
2026	\$145,000	____
2027	\$140,000	____
2028	\$150,000	____
2029	\$150,000	____
2030	\$160,000	____
2031	\$160,000	____
2031	\$165,000	____

\*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.

If three (3) or more bids for the Bonds are received as a result of this competitive sale, the successful purchaser will be required to certify on or before the issue date the reasonably expected initial offering price to

the public as of the Sale Date for each Maturity of the Bonds which prices are the prices for each Maturity of the Bonds used by the successful purchaser in formulating its bid to purchase the Bonds.

If less than three (3) bids for the Bonds are received as a result of this competitive sale, the successful purchaser, by submitting a bid pursuant to a published Notice of Sale, has agreed in writing that they will certify on or before the issue date (and provide reasonable supporting documentation for such Certification, such as a copy of the Pricing wire or equivalent communication) for each Maturity of the Bonds (i) the first price at which at least 10% of each Maturity of the Bonds was sold to the Public, or (ii) that they will neither offer nor sell any of the Bonds of each Maturity to any person at a price that is higher than the Initial Offering Price for such maturity during the Holding Period for such Maturity.

Bids will not be subject to cancellation or withdrawal by the bidder in the event that three bids are not received and the Issuer determines to apply the hold-the-offering-price rule.

For purposes of the above the following terms are defined as follows:

- (a) *"Holding Period"* means, with respect to a Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the successful purchaser has sold at least 10% of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.
- (b) *"Maturity"* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
- (c) *"Public"* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (d) *"Sale Date"* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is June 17, 2021. *"Underwriter"* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

It is understood that the City will furnish the final approving legal opinion of Frost Brown Todd LLC, Bond Counsel.

No certified or bank cashier's check will be required to accompany the bid, but the successful bidder shall be required to wire transfer an amount equal to two percent (2%) of the final adjusted par amount of the Bonds by the close of business on the day following the award to U.S. Bank National Association, Louisville, Kentucky. Said good faith amount will be applied (without interest) to the purchase price when said Bonds are tendered for delivery.

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal funds within forty-five (45) days from the date of sale in accordance with the terms of the sale.

Respectfully submitted,

\_\_\_\_\_  
Bidder

By \_\_\_\_\_  
Authorized Officer

\_\_\_\_\_  
Address

Total interest cost from \_\_\_\_\_, 2021 to final maturity \$ \_\_\_\_\_

Plus discount or less any premium \$ \_\_\_\_\_

Net interest cost (Total interest cost plus discount or less any premium) \$ \_\_\_\_\_

True Interest Cost (i.e. TIC) \_\_\_\_\_%

The above computation of net interest cost and of average interest rate or cost is submitted for information only and is not a part of this Bid.

Accepted by RSA Advisors, LLC, as Agent for the City of Bellevue, Kentucky for \$ \_\_\_\_\_ amount of Bonds at a price of \$ \_\_\_\_\_ as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2022	_____,000	_____%	2032	_____,000	_____%
2023	_____,000	_____%	2033	_____,000	_____%
2024	_____,000	_____%	2034	_____,000	_____%
2025	_____,000	_____%	2035	_____,000	_____%
2026	_____,000	_____%	2036	_____,000	_____%
2027	_____,000	_____%	2037	_____,000	_____%
2028	_____,000	_____%	2038	_____,000	_____%
2029	_____,000	_____%	2039	_____,000	_____%
2030	_____,000	_____%	2040	_____,000	_____%
2031	_____,000	_____%	2041	_____,000	_____%

Dated: \_\_\_\_\_, 2021

\_\_\_\_\_  
RSA Advisors, LLC, Municipal Advisor  
and Agent for the City of Bellevue, Kentucky