

City of Bellevue, Nebraska

Independent Auditor's Report and Financial Statements

September 30, 2022



City of Bellevue, Nebraska

September 30, 2022

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Independent Auditor's Report

The Honorable Mayor and Members of the City Council
City of Bellevue, Nebraska

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bellevue, Nebraska (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison information for the General Fund and the Community Betterment Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2022, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 87 *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

FORVIS,LLP

Omaha, Nebraska
March 31, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Bellevue, Nebraska (the City) offers the readers of the City's financial statements this narrative overview and a brief analysis of the financial activities of the City for the fiscal year ended September 30, 2022. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and notes to the financial statements.

Bellevue continued its effective management of the City and development of the community.

FINANCIAL HIGHLIGHTS

- Bellevue continues to build its unique brand. During the year, the City continued to grow, increasing its valuation 8.7% to \$4,965,635,087. Nebraska's third largest City's population was 64,989 at December 30, 2022 (Nebraska Certified Municipal Population).
- In addition to growth, the City upgraded and enhanced its parks and improved its streets. Specifically, the City:
 - Resurfaced 17 lane-miles of streets
 - Engineered another 13.74 lane-miles of street improvements
 - Continued 36th Street construction (opened all lanes to traffic on 1/9/2023)
 - Converted tennis courts to new pickleball courts at Thompson Park
 - Installed new playground equipment at Faulkland, McCann, Sorenson and Washington Parks
 - Constructed new gazebo in Washington Park
 - Drew 97,183 participants to Bellevue's recreation programs
 - Enlarged parking lot to improve access to the popular Stonecroft Park all-inclusive playground
 - Completed over \$2 million in lift station mitigation project work in flood prone areas
 - Increased City-wide wastewater cleaning maintenance activities by 27%
- The City's total net position, as reported on the full accrual basis of accounting and presented on page 12, \$103,645,293 at September 30, 2022, increased by \$17,997,153 (21%) from the prior year. The net position is the net assets plus deferred outflows of the City less its liabilities plus deferred inflows. Both governmental activities and business-type activities (Waste water utility) increased.
- The City's total long-term debt decreased \$3,822,596 to \$74,308,315 during the current fiscal year primarily due to continued conservative and aggressive management of the debt.
- The City's total governmental fund balance, as reported on the modified accrual basis of accounting and presented on page 14, decreased \$2,737,140 to \$32,304,138 as of September 30, 2022 due primarily to economic development spending on the development park at highway 34 and highway 75. The unassigned amount that is available to fund City operations in the General Fund is \$18,976,271 (59% of the total governmental fund balance).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include: (1) government-wide financial statements presented on a full accrual basis, (2) fund financial statements presented on a modified accrual basis, and (3) notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

City of Bellevue Government-Wide Net Position Trend September 30, 2018-2022

	2018	2019	2020	2021	2022
Total net position	\$59,318,120	\$64,883,557	\$67,111,559	\$85,648,140	\$103,645,293

The *Statement of Activities* presents information showing how the City's net position changed during the year ended September 30, 2022. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 (e.g., uncollected taxes and earned, but unused vacation leave).

Government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, streets and highways, planning and zoning, economic and community development, parks and recreation, the library, the cemetery, permits and inspections, transportation services, engineering, and fleet management. Business-type activities include the City's waste water utility.

The government-wide financial statements can be found on pages 12-13 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements. For September 30, 2022, governmental fund

assets were \$32 million more than liabilities and deferred inflows of resources (fund balance), including \$19 million of unassigned fund balance, indicating the ability to adequately fund the current operating cycle.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. To that end, reconciliations between governmental funds and governmental activities for both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances are provided on pages 15 and 17, respectively, of this report.

The City maintained seven individual governmental funds during the fiscal year. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, the Community Betterment fund, and the Debt Service fund, which are major funds. Data from the other governmental funds are combined into a single, aggregated presentation under Other Governmental Funds. These non-major funds are Community Development, Economic Development, Law Enforcement Trust and Federal Forfeitures.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

The City adopted an appropriated budget for 2021-2022. A budgetary comparison statement has been provided for the General and Community Betterment major funds on pages 18 and 19 to demonstrate compliance with the portion of the budget related to FY 2022.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. There are two kinds of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide statements. The city uses an enterprise fund to account for its waste water utility.

The basic proprietary fund financial statements can be found on pages 20-22 of this report.

Information about Tax Increment Financing funds held by the city at September 30, 2022 are included in the fiduciary statements on pages 23 and 24.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-58 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its police employees, and to provide other postemployment benefits to all full-time employees (found on pages 59-61 of this report)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$103,645,293 at September 30, 2022. The condensed financial information presented in the tables below has not been adjusted for the City's adoption of GASB Statement No. 87, *Leases*.

The City's investment in capital assets (e.g., land, buildings, improvements, infrastructure, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding, was \$78,706,708 at September 30, 2022 (76% of City's net position). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Bellevue Condensed Statement of Net Position Condensed Statement of Net Position September 30, 2022 and 2021

	Governmental Activities		Business-Type Activities		Total	
	2022	2021*	2022	2021	2022	2021
Current and other assets	\$ 50,192,849	\$ 45,472,727	\$ 7,325,039	\$ 6,114,111	\$ 57,517,888	\$ 51,586,838
Capital assets	134,367,248	118,956,012	18,953,272	16,943,029	153,320,520	135,899,041
Total assets	184,560,097	164,428,739	26,278,311	23,057,140	210,838,408	187,485,879
Deferred outflows of resources	3,966,030	4,445,715	20,884	23,140	3,986,914	4,468,855
Current liabilities	20,917,480	23,607,040	2,539,660	1,439,207	23,457,140	25,046,247
Long-term liabilities outstanding	80,442,516	78,130,911	1,520,761	2,080,706	81,963,277	80,211,617
Total liabilities	101,359,996	101,737,951	4,060,421	3,519,913	105,420,417	105,257,864
Deferred inflows of resources	5,751,960	1,027,755	27,652	20,975	5,779,612	1,048,730
Net position:						
Net investment in capital assets	61,805,497	42,418,623	16,901,211	14,850,672	78,706,708	57,269,295
Restricted	13,205,531	17,332,802	-	-	13,205,531	17,332,802
Unrestricted	6,403,143	6,357,323	5,329,911	4,688,720	11,733,054	11,046,043
Total net position	\$ 81,414,171	\$ 66,108,748	\$ 22,231,122	\$ 19,539,392	\$ 103,645,293	\$ 85,648,140

*2021 was not restated for the impacts of GASB 87, *Leases*

At September 30, 2022, \$13,205,531 (13% of City net position) represents resources that are subject to external **restrictions** on their use. The City's governmental activities' **unrestricted** net position of \$6,403,143 indicates that the City will have sufficient cash-on-hand to fund the liabilities as they come due. The City also has an inter-fund borrowing resolution that allows short-term funding solutions to seasonal cash flow issues.

GOVERNMENTAL ACTIVITIES

As previously stated, the Statement of Activities presents information showing how the City's net position changed during the year. Activities as described in this section are reported on the full accrual basis, such that all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 (e.g., uncollected taxes and earned, but unused vacation leave).

Governmental activities' net position increased by \$15,305,423 (23%) for fiscal year 2022.

Revenues increased by \$5,793,737 (7%) due to increased collection of public safety fees and property and sales tax growth. Associated expenses increased by \$7,385,297 (12%) due to increased spending on public safety and public works.

BUSINESS-TYPE ACTIVITIES

Business-type activities, related to the City-owned waste water utility, increased the City's net position by \$2,691,730. Contractual service fees, primarily paid to the City of Omaha for waste water utility services and Metropolitan Utilities District for billing and collection services, totaled \$7,095,424 (74%) of the total program expenses.

City of Bellevue Condensed Statement of Activities
Condensed Statement of Activities
September 30, 2022 and 2021

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program revenues						
Charges for services	\$ 12,588,097	\$ 10,073,069	\$ 11,933,040	\$ 11,065,626	\$ 24,521,137	\$ 21,138,695
Operating grants and contributions	16,253,072	16,513,235	-	-	16,253,072	16,513,235
Capital grants and contributions	1,172,787	534,047	624,600	-	1,797,387	534,047
General revenues						
Property taxes	29,529,929	28,924,383	-	-	29,529,929	28,924,383
In-lieu of taxes	1,974,837	1,622,074	-	-	1,974,837	1,622,074
Sales and use taxes	17,233,544	15,484,472	-	-	17,233,544	15,484,472
Occupation taxes	1,205,133	1,146,321	-	-	1,205,133	1,146,321
State aid	1,534,255	2,972,570	-	-	1,534,255	2,972,570
Unrestricted investment earnings	185,615	23,593	-	-	185,615	23,593
Miscellaneous and general revenues	425,609	466,719	-	78,919	425,609	545,638
Net position received from annexations	1,451,342	-	10,248	-	1,461,590	-
Total revenues	83,554,220	77,760,483	12,567,888	11,144,545	96,122,108	88,905,028
Program expenses						
General government	6,519,342	6,388,477	-	-	6,519,342	6,388,477
Public safety	28,985,745	26,699,932	-	-	28,985,745	26,699,932
Community development	3,406,245	3,347,864	-	-	3,406,245	3,347,864
Public works	27,675,467	22,683,348	-	-	27,675,467	22,683,348
Interest of long-term debt	1,939,998	2,021,879	-	-	1,939,998	2,021,879
Waste water	-	-	9,598,158	9,226,947	9,598,158	9,226,947
Total expenses	68,526,797	61,141,500	9,598,158	9,226,947	78,124,955	70,368,447
Transfers	278,000	263,000	(278,000)	(263,000)	-	-
Changes in net position	15,305,423	16,881,983	2,691,730	1,654,598	17,997,153	18,536,581
Net position - beginning of year	66,108,748	49,226,765	19,539,392	17,884,794	85,648,140	67,111,559
Net position - end of year	\$ 81,414,171	\$ 66,108,748	\$ 22,231,122	\$ 19,539,392	\$ 103,645,293	\$ 85,648,140

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

Governmental fund financial statements are reported on the modified accrual basis, with the focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in assessing the City's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary spending at the end of the fiscal year.

City of Bellevue
Unassigned Governmental Fund Balance Trend
Trend - September 30, 2018-2022

	2018	2019	2020	2021	2022
Unassigned fund balance	\$6,667,311	\$11,118,426	\$8,616,868	\$18,795,573	\$18,976,271

At the end of the current fiscal year, the City's governmental funds reported combined ending total fund balances of \$32,304,138, a decrease of \$2,737,140 in comparison with the prior year. Of this total amount, \$18,976,271 (59%) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is not available for new spending because it is (1) restricted for debt service \$7,165,899, (2) restricted for community betterment \$4,283,320, (3) restricted for community development \$192,394, (4) restricted for economic development \$586,176, (5) restricted for public safety \$81,969, (6) non-spendable inventory \$607,588 or (7) non-spendable prepaid expenses \$410,521.

The General Fund is the primary operating fund of the City. At September 30, 2022, the unassigned fund balance of the General Fund was \$18,976,271 or 92% of the General Fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance was 24% of total general fund expenditures.

The Community Betterment Fund had a total fund balance of \$4,283,320, an increase of \$40,561 in comparison to the prior year. Total revenue from the City's lottery operations and associated investment income was \$1,113,977, an increase of 5%. Qualified community betterment spending was \$1,073,416 in the current year.

The Debt Service Fund had a total fund balance of \$7,165,899, a decrease of \$857,512 in comparison to the prior year. Bond and loan proceeds of \$10,416,649 plus fund revenues of \$7,815,895, primarily due to property taxes, and totaling \$18,232,544 were offset by \$19,090,056 of expenditures and other financing uses primarily due to debt service payments and bond refunding activity.

PROPRIETARY FUND

The City's proprietary fund information can be found in the government-wide financial statements under Business-type Activities and is related to Waste water operations. Unrestricted net position of the Waste water enterprise fund increased \$641,191 to \$5,329,911 at September 30, 2022.

GENERAL FUND BUDGETARY HIGHLIGHTS

REVENUES

Total General Fund revenues were \$3,644,359 (6%) favorable to budgeted revenues of \$65,505,212.

EXPENDITURES

Total General Fund expenditures were \$8,465,721 (11%) favorable to budgeted expenditures of \$79,559,812 primarily due to:

- Public Works project delays and underspending
- Delays in hiring, resulting in lower operating costs

OTHER FINANCING SOURCES

Other financing sources of the General Fund were \$6,719,410 (62%) unfavorable to the amended, budgeted amount of \$10,804,600 due to the use existing cash and lower project activity.

CAPITAL EXPENDITURES AND DEBT ADMINISTRATION

CAPITAL AND LEASE ASSETS

The City's capital and lease assets for its governmental and business-type activities as of September 30, 2022, totaled \$153,320,520 (net of accumulated depreciation and amortization), an increase of \$17,421,479 (13%), primarily due to street projects, purchases of a new library building and economic development property. This investment in capital assets included streets and highways, bridges, buildings, machinery and equipment, parks, waste water facilities and lines, automobiles, and recreation facilities.

Major capital and lease asset events during the fiscal year included the acquisition of annexation assets, along with their accumulated depreciation, public safety vehicles and equipment, park and playground improvements, sewer system improvements and costs associated with 36th street widening and 25th street improvements along with the new library building and economic development property.

Additional information on the City's capital and lease assets can be found in Note 7 of the notes to the financial statements on pages 36-37 of this report.

LONG-TERM DEBT

At the end of the current fiscal year, the City had total bonded debt outstanding of \$74,605,000 at par, unamortized bond premium of \$1,059,063, financed purchase obligations of \$381,866 and lease liabilities of \$19,727.

City of Bellevue Condensed Statement of Net Position

Outstanding Long-Term Debt September 30, 2022 and 2021

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 64,965,000	\$ 65,390,000	\$ -	\$ -	\$ 64,965,000	\$ 65,390,000
Public safety tax anticipation bonds	7,970,000	8,980,000	-	-	7,970,000	8,980,000
Revelopement revenue bonds	-	2,350,000	-	-	-	2,350,000
Unamortized bond premium	1,059,063	880,576	-	-	1,059,063	880,576
Revenue refunding bonds	-	-	1,670,000	1,925,000	1,670,000	1,925,000
Financed purchase obligations	314,252	530,335	67,614	155,706	381,866	686,041
Lease liabilities	19,727	19,727	-	-	19,727	19,727
Total	<u>\$ 74,328,042</u>	<u>\$ 78,150,638</u>	<u>\$ 1,737,614</u>	<u>\$ 2,080,706</u>	<u>\$ 76,065,656</u>	<u>\$ 80,231,344</u>

ECONOMIC FACTORS AND FUTURE BUDGETS AND RATES

The budget for 2022-2023 was approved in September 2022 by the City of Bellevue. The key economic factors expected to impact future budgets and rates are:

- The tax levy rate was set at .610000 per \$100 of valuation for taxes due December 31, 2022. The property valuation increased \$395,697,710 (8.7%) from \$4,569,937,377 to \$4,965,635,087. This will generate \$22,850,065 of tax for the General Fund to help pay normal operating costs of the City and \$7,440,309 of tax for the Debt Service Fund to pay interest and principal on bonded indebtedness.
- The City received Coronavirus State and Local Fiscal Recovery Funds assistance as part of the American Rescue Plan Act of 2021, receiving \$8,395,637. The City has passed a Resolution that authorizes eligible uses including extension of a water main in southeast Bellevue and has spent \$257,808 toward that project as of September 30, 2022.

These factors, except where noted, were considered in preparing the City's budget for the 2022-2023 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Bellevue's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Bellevue, Finance Director, 1500 Wall Street, Bellevue, Nebraska 68005.

City of Bellevue, Nebraska
Statement of Net Position
September 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 36,045,348	\$ 5,364,878	\$ 41,410,226
Receivables, net	7,602,679	1,355,561	8,958,240
Due from other governments	5,526,713	624,600	6,151,313
Inventories	607,588	-	607,588
Prepaid expenses	410,521	-	410,521
Capital and lease assets			
Non-depreciable	38,761,526	3,125,101	41,886,627
Depreciable, net	95,605,722	15,828,171	111,433,893
	<u>184,560,097</u>	<u>26,298,311</u>	<u>210,858,408</u>
Deferred Outflows of Resources			
Deferred loss on refunded debt	1,456,933	-	1,456,933
Deferred outflows on pension	1,485,758	-	1,485,758
Deferred outflows on OPEB	1,023,339	20,884	1,044,223
	<u>3,966,030</u>	<u>20,884</u>	<u>3,986,914</u>
Liabilities			
Accounts payable and accrued expenses	2,481,746	2,138,722	4,620,468
Interest payable	166,514	13,908	180,422
Compensated absences			
Payable within one year	3,400,000	50,000	3,450,000
Payable in more than one year	3,640,949	57,402	3,698,351
Claims and judgments	621,975	-	621,975
Unearned revenue	8,205,755	-	8,205,755
Other long-term liabilities			
Payable within one year	23,289	-	23,289
Payable in more than one year	2,473,491	-	2,473,491
Pension and other postemployment benefits			
Payable within one year	682,672	9,416	692,088
Payable in more than one year	5,335,563	53,359	5,388,922
Long-term debt, net			
Payable within one year	5,315,802	327,614	5,643,416
Payable in more than one year	68,992,513	1,410,000	70,402,513
Leases payable			
Payable within one year	19,727	-	19,727
Payable in more than one year	-	-	-
	<u>101,359,996</u>	<u>4,060,421</u>	<u>105,420,417</u>
Deferred Inflows of Resources			
Deferred inflows on OPEB	1,354,969	27,652	1,382,621
Deferred inflows on leases	4,396,991	-	4,396,991
	<u>5,751,960</u>	<u>27,652</u>	<u>5,779,612</u>
Net Position			
Net investment in capital and lease assets	61,805,497	16,901,211	78,706,708
Restricted			
Debt service	7,804,131	-	7,804,131
Community betterment	4,283,320	-	4,283,320
Community development	192,394	-	192,394
Economic development	586,176	-	586,176
Public safety	339,510	-	339,510
Unrestricted	6,403,143	5,329,911	11,733,054
	<u>\$ 81,414,171</u>	<u>\$ 22,231,122</u>	<u>\$ 103,645,293</u>

City of Bellevue, Nebraska
Statement of Activities
Year Ended September 30, 2022

	Program Revenues				Net Revenues (Expenses) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Governmental Activities							
General government	\$ 6,519,342	\$ 2,532,085	\$ 8,768,232	\$ 723,884	\$ 5,504,859	\$ -	\$ 5,504,859
Public safety	28,985,745	2,801,775	812,740	-	(25,371,230)	-	(25,371,230)
Community development	3,406,245	1,110,117	-	-	(2,296,128)	-	(2,296,128)
Public works	27,675,467	6,144,120	6,672,100	448,903	(14,410,344)	-	(14,410,344)
Interest on long-term debt	1,939,998	-	-	-	(1,939,998)	-	(1,939,998)
Total governmental activities	68,526,797	12,588,097	16,253,072	1,172,787	(38,512,841)	-	(38,512,841)
Business-Type Activities							
Waste water	9,598,158	11,933,040	-	624,600	-	2,959,482	2,959,482
Total business-type activities	9,598,158	11,933,040	-	624,600	-	2,959,482	2,959,482
Total primary government	\$ 78,124,955	\$ 24,521,137	\$ 16,253,072	\$ 1,797,387	(38,512,841)	2,959,482	(35,553,359)
General Revenues							
Property taxes					29,529,929	-	29,529,929
Payments in-lieu of taxes and franchise taxes					1,974,837	-	1,974,837
Sales and use taxes					17,233,544	-	17,233,544
Occupation taxes					1,205,133	-	1,205,133
State aid					1,534,255	-	1,534,255
Unrestricted investment earnings					185,615	-	185,615
Miscellaneous general revenues					425,609	-	425,609
Net position received from annexation					1,451,342	10,248	1,461,590
Transfers					278,000	(278,000)	-
Total general revenues					53,818,264	(267,752)	53,550,512
Change in Net Position					15,305,423	2,691,730	17,997,153
Net Position - Beginning of Year					66,108,748	19,539,392	85,648,140
Net Position - End of Year					\$ 81,414,171	\$ 22,231,122	\$ 103,645,293

City of Bellevue, Nebraska

Balance Sheet

Governmental Funds

September 30, 2022

	General Fund	Community Betterment Fund	Debt Service Fund	Other Governmental Funds	Total
Assets					
Cash and cash equivalents	\$ 24,416,635	\$ 4,252,535	\$ 7,083,520	\$ 292,658	\$ 36,045,348
Receivables, net	6,220,261	82,708	1,024,695	275,015	7,602,679
Due from other governments	5,470,871	-	55,842	-	5,526,713
Inventories	607,588	-	-	-	607,588
Prepaid expenses	410,521	-	-	-	410,521
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 37,125,876	\$ 4,335,243	\$ 8,164,057	\$ 567,673	\$ 50,192,849
Liabilities					
Accounts payable and accrued expenses	\$ 2,405,024	\$ 51,923	\$ 568	\$ 13,332	\$ 2,470,847
Claims payable	13,926	-	-	-	13,926
Unearned revenue	8,183,318	-	-	22,437	8,205,755
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	10,602,268	51,923	568	35,769	10,690,528
Deferred Inflows of Resources					
Unavailable revenues	1,546,061	-	997,590	257,541	2,801,192
Lease receivable revenues	4,396,991	-	-	-	4,396,991
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	5,943,052	-	997,590	257,541	7,198,183
Fund Balances					
Nonspendable					
Inventory	607,588	-	-	-	607,588
Prepaid expenses	410,521	-	-	-	410,521
Restricted for					
Debt service	-	-	7,165,899	-	7,165,899
Community betterment	-	4,283,320	-	-	4,283,320
Community development	-	-	-	192,394	192,394
Economic development	586,176	-	-	-	586,176
Public safety	-	-	-	81,969	81,969
Unassigned	18,976,271	-	-	-	18,976,271
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	20,580,556	4,283,320	7,165,899	274,363	32,304,138
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balances	\$ 37,125,876	\$ 4,335,243	\$ 8,164,057	\$ 567,673	\$ 50,192,849

City of Bellevue, Nebraska
Reconciliation of the Balance Sheet
of Governmental Funds to the
Statement of Net Position
September 30, 2022

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

Total fund balances of governmental funds.	\$ 32,304,138
Capital and lease assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	134,367,248
Deferred inflows of resources related to OPEB do not represent an obligation of current financial resources, and, therefore, are not reported in the funds.	(1,354,969)
Deferred inflows of resources for unavailable revenues are not available to pay current period expenditures and, therefore, not recognized in the funds.	2,801,192
A portion of the accrued expenses, claims and judgments liability requires the use of unavailable financial resources and, therefore, is not reported in the funds.	(618,948)
Deferred outflows of resources related to OPEB and pension are not current financial resources, and, therefore, are not reported in the funds.	2,509,097
Deferred outflows of resources related to the loss on refunded debt are not current financial resources, and, therefore, are not reported in the funds.	1,456,933
Long-term liabilities, including bonds and leases payable, and related interest, are not due and payable in the current period and, therefore, not reported in the funds.	(74,494,556)
Other long-term liabilities are not due and payable in the current period and, therefore, not reported in the funds. Amount includes pension and OPEB liabilities, compensated absences, other liabilities and accrued expenses.	<u>(15,555,964)</u>
Net position of governmental activities	<u>\$ 81,414,171</u>

City of Bellevue, Nebraska
Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds
Year Ended September 30, 2022

	General Fund	Community Betterment Fund	Debt Service Fund	Other Governmental Funds	Total
Revenues					
Property tax	\$ 22,113,644	\$ -	\$ 7,525,252	\$ -	\$ 29,638,896
Payments in-lieu of taxes and franchise taxes	1,627,937	-	74,630	-	1,702,567
Sales and use tax	17,233,544	-	-	-	17,233,544
Occupation tax	1,169,299	-	-	-	1,169,299
Permits and licenses	1,751,777	-	-	-	1,751,777
Fees	2,258,191	-	388	-	2,258,579
Charges for services	5,630,758	-	-	-	5,630,758
Intergovernmental	19,506,643	-	18,014	433,968	19,958,625
Investment income	161,967	3,860	19,373	415	185,615
Lottery	-	1,110,117	-	-	1,110,117
Reimbursements	132,676	-	-	-	132,676
Annexation revenues	186,535	-	178,072	-	364,607
Miscellaneous	425,406	-	166	228	425,800
Total revenues	72,198,377	1,113,977	7,815,895	434,611	81,562,860
Expenditures					
Current					
General government	5,383,935	-	10,967	-	5,394,902
Public safety	27,026,820	-	-	55,299	27,082,119
Community development	2,735,577	318,416	-	327,360	3,381,353
Public works	15,612,801	-	-	-	15,612,801
Capital outlay	27,337,510	-	-	-	27,337,510
Debt service					
Bond principal	651,082	-	6,565,000	-	7,216,082
Bond issue costs	-	-	195,229	-	195,229
Bond interest and fiscal charges	256,435	-	1,607,660	-	1,864,095
Total expenditures	79,004,160	318,416	8,378,856	382,659	88,084,091
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(6,805,783)	795,561	(562,961)	51,952	(6,521,231)
Other Financing Sources (Uses)					
Refunding bonds issued	-	-	6,180,000	-	6,180,000
Premium on debt issued	-	-	326,649	-	326,649
Bond and loan issuance	-	-	3,910,000	-	3,910,000
Payment to refunded bond escrow agent	-	-	(6,910,558)	-	(6,910,558)
Transfers in (out), net	4,833,642	(755,000)	(3,800,642)	-	278,000
Total other financing sources (uses)	4,833,642	(755,000)	(294,551)	-	3,784,091
Change in Fund Balances	(1,972,141)	40,561	(857,512)	51,952	(2,737,140)
Fund Balances - Beginning of Year	22,552,697	4,242,759	8,023,411	222,411	35,041,278
Fund Balances - End of Year	\$ 20,580,556	\$ 4,283,320	\$ 7,165,899	\$ 274,363	\$ 32,304,138

City of Bellevue, Nebraska
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2022

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

Net change in fund balances - total governmental funds	\$ (2,737,140)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period, and the effect of other capital asset-related transactions, including the effects of assets from annexation.	15,313,884
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items, including the effects of long-term debt from annexation.	3,906,718
Certain expenses (e.g. compensated absences, accrued expenses, claims and judgments) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(553,918)
Changes in net pension and total OPEB liability, deferred outflows and deferred inflows related to total pension and total OPEB liability do not represent financial activity in the governmental funds.	(355,234)
Amortization of deferred amounts on refunding does not represent financial activity in the governmental funds.	(147,900)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds and change in revenues in fund statements previously recognized in the statement of activities.	<u>(120,987)</u>
Change in net position of governmental activities	<u>\$ 15,305,423</u>

City of Bellevue, Nebraska
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual (Budget Basis)
General Fund
Year Ended September 30, 2022

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance With Final Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property tax	\$ 22,442,337	\$ 22,442,337	\$ 21,949,126	\$ (493,211)
In-lieu of tax	47,000	47,000	985,563	938,563
Sales tax	15,494,124	15,494,124	16,977,009	1,482,885
Franchise tax	771,200	771,200	656,443	(114,757)
Occupation taxes	1,314,003	1,314,003	1,132,823	(181,180)
Permits, fees and licenses	7,674,187	7,674,187	9,309,728	1,635,541
Intergovernmental	17,287,661	17,287,661	15,807,162	(1,480,499)
Miscellaneous and reimbursements	474,700	474,700	2,331,717	1,857,017
	<u>65,505,212</u>	<u>65,505,212</u>	<u>69,149,571</u>	<u>3,644,359</u>
Total revenues				
	<u>65,505,212</u>	<u>65,505,212</u>	<u>69,149,571</u>	<u>3,644,359</u>
Expenditures				
Current				
General services	5,598,220	5,598,220	5,295,544	302,676
Public safety	27,478,657	27,478,657	28,833,947	(1,355,290)
Community development	12,987,182	12,987,182	11,490,503	1,496,679
Public works	33,495,753	33,495,753	25,474,097	8,021,656
	<u>79,559,812</u>	<u>79,559,812</u>	<u>71,094,091</u>	<u>8,465,721</u>
Total expenditures				
	<u>79,559,812</u>	<u>79,559,812</u>	<u>71,094,091</u>	<u>8,465,721</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,054,600)</u>	<u>(14,054,600)</u>	<u>(1,944,520)</u>	<u>12,110,080</u>
Other Financing Sources				
Proceeds from issuance of bonds and notes	6,261,600	6,261,600	-	(6,259,200)
Transfers in, net	4,543,000	4,543,000	4,833,642	(460,210)
	<u>10,804,600</u>	<u>10,804,600</u>	<u>4,833,642</u>	<u>(6,719,410)</u>
Total other financing sources				
	<u>10,804,600</u>	<u>10,804,600</u>	<u>4,833,642</u>	<u>(6,719,410)</u>
Change in Fund Balance	<u>\$ (3,250,000)</u>	<u>\$ (3,250,000)</u>	<u>\$ 2,889,122</u>	<u>\$ 5,390,670</u>

City of Bellevue, Nebraska
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual (Budget Basis)
Community Betterment Fund
Year Ended September 30, 2022

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance With Final Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ 2,890	\$ 2,890	\$ 3,860	\$ 970
Lottery	1,054,000	1,054,000	1,114,125	60,125
Total revenues	<u>1,056,890</u>	<u>1,056,890</u>	<u>1,117,985</u>	<u>61,095</u>
Expenditures				
Community development	951,890	951,890	347,967	603,923
Total expenditures	<u>951,890</u>	<u>951,890</u>	<u>347,967</u>	<u>603,923</u>
Excess of Revenues Over Expenditures	<u>105,000</u>	<u>105,000</u>	<u>770,018</u>	<u>665,018</u>
Other Financing Uses				
Transfers out, net	(855,000)	(855,000)	(755,000)	100,000
Total other financing uses	<u>(855,000)</u>	<u>(855,000)</u>	<u>(755,000)</u>	<u>100,000</u>
Change in Fund Balance	<u>\$ (750,000)</u>	<u>\$ (750,000)</u>	<u>\$ 15,018</u>	<u>\$ 765,018</u>

City of Bellevue, Nebraska
Statement of Net Position
Proprietary Fund
September 30, 2022

	Waste Water Fund
Assets	
Current Assets	
Cash and cash equivalents	\$ 5,364,878
Receivables	1,355,561
Due from other governments	624,600
Total current assets	7,345,039
Capital Assets	
Plant and distribution lines	38,453,679
Building and equipment	2,045,574
Construction in progress	3,125,101
Accumulated depreciation	(24,671,082)
Total capital assets, net	18,953,272
Total assets	26,298,311
Deferred Outflows of Resources - OPEB	20,884
Total assets and deferred outflows of resources	\$ 26,319,195
Liabilities, Deferred Inflows of Resources and Net Position	
Current Liabilities	
Accounts payable and accrued expenses	\$ 2,138,722
Interest payable	13,908
Compensated absences	50,000
Current portion of total OPEB liability	9,416
Current portion of long-term debt	327,614
Total current liabilities	2,539,660
Noncurrent Liabilities	
Compensated absences	57,402
Total OPEB liability	53,359
Long-term debt	1,410,000
Total noncurrent liabilities	1,520,761
Total liabilities	4,060,421
Deferred Inflows of Resources - OPEB	27,652
Net Position	
Net investment in capital assets	16,901,211
Unrestricted	5,329,911
Total net position	22,231,122
Total liabilities, deferred inflows of resources and net position	\$ 26,319,195

City of Bellevue, Nebraska
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Fund
Year Ended September 30, 2022

	Waste Water Fund
Operating Revenues	
Charges for services	\$ 11,933,040
Total operating revenues	11,933,040
Operating Expenses	
Personal services	986,132
Operation and maintenance	241,610
Contractual services	7,095,424
Supplies and materials	43,045
Depreciation	1,147,746
Total operating expenses	9,513,957
Operating Income	2,419,083
Nonoperating Income (Expenses)	
Annexation revenue	10,248
Government grants	624,600
Loss on disposal of capital assets	(31,095)
Interest expense	(53,106)
Total nonoperating income	550,647
Change in net position before transfers	2,969,730
Transfers Out	(278,000)
Change In Net Position	2,691,730
Net Position - Beginning of Year	19,539,392
Net Position - End of Year	\$ 22,231,122

City of Bellevue, Nebraska
Statement of Cash Flows
Proprietary Fund
Year Ended September 30, 2022

	Waste Water Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 11,133,314
Payments to suppliers	(6,787,344)
Payments to employees	(966,949)
	3,379,021
Cash Flows from Noncapital Financing Activities	
Transfers to other funds	(278,000)
	(278,000)
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(2,876,040)
Capital grants	624,600
Principal paid on bond and note obligations	(343,092)
Interest paid on bond and note obligations	(54,627)
	(2,649,159)
Increase in Cash and Cash Equivalents	451,862
Cash and Cash Equivalents - Beginning of Year	4,913,016
Cash and Cash Equivalents - End of Year	\$ 5,364,878
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 2,419,083
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,147,746
Changes in operating assets and liabilities	
Receivables	(799,726)
Prepaid expenses	20,660
Accounts payable and accrued expenses	572,075
Deferred outflows/inflows of resources	10,250
Compensated absences	8,933
	3,379,021
Net cash provided by operating activities	\$ 3,379,021
Supplemental Cash Flows Information	
Payables incurred for acquisition of capital assets	\$ 314,447
Assumption of assets through annexation	11,248

City of Bellevue, Nebraska
Statement of Fiduciary Net Position
September 30, 2022

	Custodial Fund
Assets	
Cash and cash equivalents	\$ 166,566
Total assets	166,566
Liabilities - Due to Others	166,566
Fiduciary Net Position	-
Total liabilities and fiduciary net position	\$ 166,566

City of Bellevue, Nebraska
Statement of Changes in Fiduciary Net Position
Year Ended September 30, 2022

	Custodial Fund
Additions	
Tax increment financing revenues	\$ 336,793
Total additions	336,793
Deductions	
Tax increment financing expenditures	336,793
Total deductions	336,793
Net Change in Fiduciary Net Position	-
Fiduciary Net Position, Beginning of Year	-
Fiduciary Net Position, End of Year	\$ -

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 1: Summary of Significant Accounting Policies

Reporting Entity

The City of Bellevue, Nebraska (City) was incorporated as a first-class city on December 16, 1955, under the provisions of Nebraska Statute Section 16-102. The City operates under a Mayor-Council-City Administrator form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, urban development, mass transportation, planning and zoning, sanitary sewer system, library, solid waste, and general administrative services.

The accompanying financial statements present the City as the primary government. In determining its financial reporting entity, the City has considered all potential component units for which it is financially accountable, including other organizations which are fiscally dependent on the City, or the significance of their relationship with the City are such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability, which was used in making this evaluation.

The City has determined the Bellevue Municipal Building Corporation and the Bellevue City Marina Corporation to be blended component units. The City Council appoints the majority of the governing board of these organizations and these organizations almost exclusively exist to benefit the City. Blended component units, although legally separate entities, are, in substance, part of the government's operations and thus are presented as such and included in the general fund.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government. The material effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Functional expenses may also include an element of indirect cost, designed to recover administrative (overhead) costs. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 1: Summary of Significant Accounting Policies - Continued

Government-wide and Fund Financial Statements - Continued

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the total economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including interest on long-term debt, as well as expenditures related to pension and other postemployment benefits, compensated absences and claims and judgments are recorded only when payment is due or expected to be liquidated with expendable available financial resources.

Property taxes, sales taxes, state highway allocation, interdepartmental charges, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual. Special assessments are recorded as revenues in the year the assessments become current. Other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for goods and services. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 1: Summary of Significant Accounting Policies - Continued

Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

The City reports the following major governmental funds:

General Fund finances the day-to-day operation of the basic governmental activities, such as legislative, administration, police and fire protection, legal services, planning, and parks and recreation. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services and interest income.

Community Betterment Fund is used to account for the City's lottery revenues and expenditures. The monies are restricted for community betterment purposes.

Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

The City reports the following major enterprise fund:

Waste Water Fund is used to account for the revenues and expenses of the City-owned waste water utility.

The Custodial Fund accounts for resources held by the City in a custodial capacity, for the benefit of other governments or outside organizations.

The effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the business-type functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Cash Equivalents

The City considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2022, cash equivalents consisted primarily of money market mutual funds held at trustee and cash held at the Sarpy County Treasurer's office. These investments are not specifically identified with any one fund. Interest is allocated to the individual funds on the basis of average cash balance.

Inventories

Inventories consist of fuel and materials. Inventories are stated at cost. Cost is determined using the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when used.

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 1: Summary of Significant Accounting Policies - Continued

Lease Receivables

The City is lessor for several noncancellable leases for land and building use and tower space and recognizes a related lease receivable and a deferred inflow of resources. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the lease term.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Capital and Lease Assets

Capital and lease assets, which include property, plant, equipment, and infrastructure assets, (e.g., road, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital and lease assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before commencement of the lease term, less any incentives received from the lessor at or before commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15 – 40
Machinery and equipment	4 – 39
Infrastructure	7 – 50
Automobiles	4 – 10

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 1: Summary of Significant Accounting Policies - Continued

Deferred Outflows/Inflows of Resources - Continued

The City has three items that qualify for reporting in this category, the deferred loss on refunding, deferred outflows on pensions and deferred outflows on OPEB, reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows on pensions and OPEB result from changes in actuarial assumptions and differences between expected and actual experience. These amounts are amortized over the weighted average of the expected remaining service lives for all active and inactive pension or OPEB plan members.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The unavailable revenues reported in the governmental funds balance sheet are from property taxes, special assessments and grants that are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow for lease receivable revenues are future lease revenues to be collected for lease agreements entered into with third parties. It is recognized as an inflow of resources in a systematic and rational manner over the lease term. The deferred inflows on OPEB reported in the government-wide statement of net position are from changes in actuarial assumptions and differences between expected and actual experience. These amounts are amortized over the weighted average of the expected remaining service lives for all active and inactive OPEB plan members.

Compensated Absences

City employees earn sick leave at the rate of 8-16.8 hours per month, depending on hire date and shift type. Employees earn various hours of vacation per pay period based on years of service. Vacation and sick leave accumulate on a monthly basis and are fully vested when earned. Limitations on accumulated sick leave vary based on labor agreements, but in no case will accumulated sick leave payout exceed 50% of the accumulated balance, up to 960 hours. Accumulated vacation limitations vary from 120 to 360 hours depending on labor agreement. All accumulated vacation and sick leave, subject to the limitations noted, is paid at separation.

All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. In the governmental funds, only compensated absences that have matured as of year-end, for example, as a result of employee resignations and retirements, are recorded as a fund liability. Accruals are based on current salary rates plus an additional amount for compensation-related payments such as Social Security and Medicare taxes and pension amounts using rates in effect at that date.

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 1: Summary of Significant Accounting Policies - Continued

Long-term Obligations

In the government-wide financial statements, and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

In the fund financial statements, governmental funds recognize lease principal and interest costs, as well as new leases entered during the current period. The amount of the lease liability is reported as an other financing source.

Net Position

Net position is required to be classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital and lease assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any bonds, mortgages, notes, financed purchases, leases or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds at year-end, the portion of debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

Restricted – This component of net position consists of restrictions placed on net position use through external constraints imposed by creditors (such as debt covenants), contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 1: Summary of Significant Accounting Policies - Continued

Fund Balance Classification

The fund balances for the City's governmental funds are displayed in five components:

Nonspendable – Nonspendable fund balances are not in a spendable form or are required to be maintained intact.

Restricted – Restricted fund balances may be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – Committed fund balances may be used only for the specific purposes determined by ordinance or resolution of the City Council. Commitments may be changed or lifted only by passage of an ordinance or issuance of a resolution by the City Council.

Assigned – Assigned fund balances are intended to be used by the City for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

Fund balances are classified as nonspendable, restricted, committed, assigned or unassigned. When expenditures are incurred that use funds from more than one classification, the City will generally determine the order which the funds are used on a case-by-case basis, taking into account any application requirements of grant agreements, contracts, business circumstances, or other constraints. If no other constraints exist, the order of spending of resources will be restricted, committed, assigned and, lastly, unassigned.

Annexation

During the year ended September 30, 2022, the City annexed Sarpy County Sanitary Improvement Districts (SID) No. 67 and No. 242. At the time of annexation, the City assumed all assets and liabilities of the annexed areas. Annexation resulted in revenue of \$364,607 included in annexation revenues in the governmental fund statement of revenues, expenditures and changes in fund balances and \$10,248 in the proprietary fund statement of revenues, expenses and changes in net position. Net position received from annexation of \$1,461,590 is included in the statement of activities.

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 1: Summary of Significant Accounting Policies - Continued

Budgetary Information

An appropriate budget is adopted each fiscal year for the General, Special Revenue, Debt Service and Enterprise Funds on the cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP).

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Administrator submits to the Mayor and City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 20, the budget is legally enacted through passage of an ordinance and filed with the appropriate governmental entities and agencies.

Budget adjustments within a fund can be made with City Administrator approval. However, the City Council must approve any supplemental appropriations.

An encumbrance system is not used by the City and all appropriations lapse at year-end.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses/expenditures and other changes in net position during the reporting period. Actual results could differ materially from those estimates.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability and total other postemployment benefit (OPEB) liability, deferred inflows and outflows of resources related to pensions/OPEB and pension and OPEB expense, information about the fiduciary net position of the City Police Defined Benefit Pension Plan or OPEB plan and additions to/deductions from the Plan's net/total position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms.

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 1: Summary of Significant Accounting Policies - Continued

Implementation of New Accounting Standards

During 2022, the City implemented GASB Statement No. 87, *Leases* (GASB 87). In governmental funds, the City now recognizes an expenditure for the current year lease and interest due for leases with payments made during the lease term of over \$10,000. Payments on contracts under that threshold are recorded as expenditures. In the government-wide statements, the City recognizes a lease liability and right to use lease asset for the present value of all future lease payments at the commencement of the lease for leases with total future minimum payments over \$10,000. As a lessor, the City recognizes a lease receivable and deferred inflow of resources that will be recognized over the term of the lease in both the governmental funds and the government-wide statements. Adoption of GASB 87 had no effect on beginning net position or fund balances as of October 1, 2021, or on the previously reported change in net position or fund balances.

Note 2: Reconciliation of Budget Basis to GAAP

Amounts presented on a non-GAAP budget basis of accounting differ from those presented in accordance with GAAP due to the treatment afforded accruals and funds for which legally adopted annual budgets are not established. A reconciliation for the year ended September 30, 2022, which discloses the nature and amount of the adjustments necessary to convert the actual GAAP data to the budgetary basis, is presented below:

	General Fund	Community Betterment Fund
Net Change in Fund Balances		
Balance on a GAAP basis	\$ (1,972,141)	\$ 40,561
Basis differences (accruals) occur because the cash basis of accounting used for budgeting differs from the modified accrual basis of accounting prescribed for governmental funds.	4,861,263	(25,543)
Balance on a budget basis	\$ 2,889,122	\$ 15,018

Note 3: Deposits

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provision of state law.

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 3: Deposits - Continued

Deposits - Continued

Section 16-714 and 16-715 of the Revised Statutes of Nebraska 1943 require banks either to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the City Treasurer in the amount of the City’s deposits. The Statutes allow pledged securities to be reduced by the amount of the deposit insured by the Federal Deposit Insurance Corporation (FDIC).

Cash at the County Treasurer of \$268,318 was covered by collateral held by the County.

Summary of Carrying Values

The carrying values of deposits are included in the government-wide statement of net position as follows:

Carrying values	
Deposits	\$ 40,781,215
Cash at county treasurer	268,318
Cash held at trustee	<u>360,693</u>
	<u>\$ 41,410,226</u>

Note 4: Property Taxes

The tax levy for the City is certified by the Sarpy County Board of Commissioners on or before October 15. Real estate and personal property taxes are due and become an enforceable lien on property on December 31. The first half of these taxes become delinquent on April 1 and the second half become delinquent August 1 following the levy date. Delinquent taxes bear interest at a rate of 14% per annum.

Property taxes levied for 2021-2022 are recorded as revenue in the governmental funds when expected to be collected within 60 days after September 30, 2022. Prior-year levies were recorded using these same principles, and remaining receivables are re-evaluated annually. Property taxes expected to be collected after 60 days are recorded as deferred inflow of resources in the governmental funds.

In the government-wide financial statements, property taxes receivable and related revenue include all amounts due the City regardless of when cash is received. Historically, substantially all property taxes have been collected.

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 5: Receivables

Receivables at September 30, 2022, consist of the following:

Fund	Property Taxes	Accounts and Notes Receivable	Leases Receivable	Special Assessments	Gross Receivables	Allowance for Uncollectibles	Net Receivables
General	\$ 325,879	\$ 1,413,395	\$ 4,480,987	\$ -	\$ 6,220,261	\$ -	\$ 6,220,261
Community Betterment	-	82,708	-	-	82,708	-	82,708
Debt Service	142,737	161,420	-	1,441,075	1,745,232	(720,537)	1,024,695
Wastewater	-	1,355,561	-	-	1,355,561	-	1,355,561
Other governmental	-	293,015	-	-	293,015	(18,000)	275,015
Total	<u>\$ 468,616</u>	<u>\$ 3,306,099</u>	<u>\$ 4,480,987</u>	<u>\$ 1,441,075</u>	<u>\$ 9,696,777</u>	<u>\$ (738,537)</u>	<u>\$ 8,958,240</u>

Note 6: Due From Other Governments

Due from other governments includes the following items:

Nature	Amount
Governmental Activities	
State of Nebraska, sales and use tax	\$ 2,871,260
State of Nebraska, motor vehicle taxes	128,564
State of Nebraska, highway user fees	1,199,828
Nebraska Department of Roads	397,517
Eastern Sarpy Suburban Fire District, fire protection services	579,631
Federal Emergency Management Agency	118,099
Black Hills, in-lieu of taxes	11,326
Omaha Public Power District, in-lieu of taxes	205,398
Other	15,090
	<u>\$ 5,526,713</u>
Business Type Activities	
Federal Emergency Management Agency	<u>\$ 624,600</u>

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 7: Capital and Lease Assets

The following is a summary of capital and lease asset transactions for the year ended September 30, 2022.

	Beginning Balance (Restated)	Increases	Decreases	Ending Balance
Governmental Activities				
Capital and lease assets, not being depreciated or amortized				
Land	\$ 14,801,602	\$ 3,163,029	\$ -	\$ 17,964,631
Construction in progress	13,023,117	9,947,466	(2,173,688)	20,796,895
Total capital and lease assets, not being depreciated or amortized	27,824,719	13,110,495	(2,173,688)	38,761,526
Capital and lease assets, being depreciated or amortized				
Buildings	46,438,794	3,731,471	-	50,170,265
Machinery and equipment	18,117,703	1,798,697	(8,399)	19,908,001
Infrastructure	213,991,078	5,623,758	-	219,614,836
Vehicles	15,731,747	1,159,069	-	16,890,816
Leased vehicles	39,887	-	-	39,887
Total capital and lease assets, being depreciated or amortized	294,319,209	12,312,995	(8,399)	306,623,805
Less accumulated depreciation and amortization for				
Buildings	(20,731,000)	(1,179,326)	-	(21,910,326)
Machinery and equipment	(15,406,210)	(622,002)	8,399	(16,019,813)
Infrastructure	(157,643,840)	(4,694,441)	-	(162,338,281)
Vehicles	(9,366,979)	(1,327,423)	-	(10,694,402)
Leased vehicles	-	(20,811)	-	(20,811)
Total accumulated depreciation and amortization	(203,148,029)	(7,878,463)	8,399	(211,018,083)
Total capital and lease assets, being depreciated or amortized, net	91,171,180	4,434,532	-	95,605,722
Governmental activities capital and lease assets, net	\$118,995,899	\$ 17,545,027	\$ (2,173,688)	\$134,467,248

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 7: Capital and Lease Assets - Continued

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets, not being depreciated				
Construction in progress	\$ -	\$ 3,125,101	\$ -	\$ 3,125,101
Total capital assets, not being depreciated	-	3,125,101	-	\$ 3,125,101
Capital assets, being depreciated				
Plant and distribution lines	\$ 38,389,697	\$ 63,982	\$ -	\$ 38,453,679
Building and equipment	2,045,574	-	-	2,045,574
Total capital assets, being depreciated	40,435,271	63,982	-	40,499,253
Less accumulated depreciation for				
Plant and distribution lines	(22,272,293)	(1,073,171)	-	(23,345,464)
Building and equipment	(1,219,949)	(105,669)	-	(1,325,618)
Total accumulated depreciation	(23,492,242)	(1,178,840)	-	(24,671,082)
Total capital assets, being depreciated, net	16,943,029	(1,114,858)	-	15,828,171
Business-type activities capital assets, net	\$ 16,943,029	\$ 2,010,243	\$ -	\$ 18,953,272

Depreciation and amortization expense was charged to functions/programs as follows:

Governmental Activities

General government	\$ 256,772
Public safety	1,224,155
Community development	463,515
Public works	5,312,200

 Total depreciation and amortization
expense – governmental activities

\$ 7,256,642

Business-Type Activities

Waste water	<u>\$ 1,147,746</u>
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In addition to the balances listed above, accumulated depreciation increased during 2022 as a result of the City's annexation of certain sanitary improvement districts. These annexations increased accumulated depreciation for the governmental and business-type activities in the amounts of \$621,821 and \$31,094, respectively.

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 8: Leases

Lease Receivables

The City, as lessor, leases City-owned land, buildings and tower space at various locations, the terms of which expire in various years through 2055. Revenues earned under these lease contracts were approximately \$680,000 for the year ended September 30, 2022, which includes both lease revenue and interest. A portion of lease tower space revenues are assigned to a third party through 2053 and are described further in Note 17.

The following is a schedule by year of payments to be received for leases as of September 30, 2022:

	Total Payments to be Received	Receivable	Interest
2023	\$ 697,876	\$ 638,594	\$ 59,282
2024	530,279	475,805	54,474
2025	342,072	291,945	50,127
2026	347,660	301,855	45,805
2027	353,911	312,630	41,281
2028 - 2032	1,762,269	1,629,033	133,236
2033 - 2037	484,122	432,781	51,341
2038 - 2042	126,516	91,502	35,014
2043 - 2047	122,456	96,085	26,371
2048 - 2052	140,825	125,681	15,144
2053 - 2055	83,439	81,075	2,364
Total	\$ 4,991,425	\$ 4,476,986	\$ 514,439
Accrued Interest		4,001	
		\$ 4,480,987	

Lease Liabilities

The City, as lessee, leases vehicles for its operations, the terms of which expire in 2023. As of September 30, 2022, the City owed \$20,160 with \$19,727 of principal and \$433 of interest.

Note 9: Long-term Liabilities

The City issues general obligation and revenue bonds to finance the acquisition and construction of major capital assets. General obligation bonds are direct obligations and are secured by a pledge of the full faith and credit of the government. For revenue bonds, the government pledges income derived from the acquired or constructed assets to pay for the debt service.

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 9: Long-term Liabilities - Continued

The City has entered into agreements for financing the acquisition of machinery and automobiles. These agreements qualify as finance purchases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The leases are collateralized by the related financed equipment. Assets acquired through financed purchases are as follows:

	Governmental Activities	Business-Type Activities
Machinery, equipment and automobiles	\$ 2,190,012	\$ 426,422
Less accumulated depreciation	(1,074,664)	(184,783)
Total	\$ 1,115,348	\$ 241,639

The following is a summary of long-term liability activities of the City for the year ended September 30, 2022:

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Long-term debt					
General obligation bonds	\$ 65,390,000	\$ 7,145,000	\$ (7,570,000)	\$ 64,965,000	\$ 4,160,000
Public safety tax anticipation bonds	8,980,000	3,005,000	(4,015,000)	7,970,000	1,000,000
Redevelopment revenue bonds	2,350,000	-	(2,350,000)	-	-
Unamortized bond premiums	880,576	326,649	(148,162)	1,059,063	-
Financed purchase obligations - direct borrowings	530,335	-	(216,083)	314,252	155,802
Total long-term debt	78,130,911	10,476,649	(14,299,245)	74,308,315	5,315,802
Other liabilities					
Compensated absences	6,454,405	4,238,825	3,652,281	7,040,949	3,400,000
Net pension liability	2,961,139	86,941	(105,811)	2,942,269	221,277
Lease liabilities	19,727	-	-	19,727	19,727
Assignment of rents	2,518,506	-	(21,726)	2,496,780	23,289
Other postemployment benefits	3,360,861	-	(284,895)	3,075,966	461,395
Governmental activities long-term liabilities	\$ 93,445,549	\$ 14,802,415	\$ (11,059,396)	\$ 89,884,006	\$ 9,441,490

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 9: Long-term Liabilities - Continued

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities					
Long-term debt					
Revenue refunding bonds	\$ 1,925,000	\$ -	\$ (255,000)	\$ 1,670,000	\$ 260,000
Financed lease obligations - direct borrowings	155,706	-	(88,092)	67,614	67,614
Total long-term debt	2,080,706	-	(343,092)	1,737,614	327,614
Other liabilities					
Compensated absences	91,338	93,363	(77,299)	107,402	50,000
Other postemployment benefits	68,589	-	(5,814)	62,775	9,416
Business-type activities long-term liabilities	<u>\$ 2,240,633</u>	<u>\$ 93,363</u>	<u>\$ (426,205)</u>	<u>\$ 1,907,791</u>	<u>\$ 387,030</u>

The compensated absences reported as governmental activities will be paid from the General Fund. The compensated absences of the business-type activities will be paid from the Waste Water fund.

Long-term debt is comprised of the following issues:

	Date Issued	Date of Maturity	Date Callable	Interest Rates	Balance
Refunding Bonds (Convention Center)	03/31/20	09/15/35	03/31/25	1.80 - 2.25	\$ 5,520,000
General Obligation Refunding Bonds	06/05/20	09/15/34	09/15/25	3.00	11,000,000
General Obligation Refunding Bonds	06/05/20	09/15/32	09/15/23	1.70 - 2.45	20,055,000
General Obligation Refunding Bonds	08/14/20	09/15/27	09/15/25	3.00	1,270,000
General Obligation Refunding Bonds	12/03/20	09/15/27	09/15/25	2.00	1,575,000
General Obligation Refunding Bonds	10/20/21	09/15/26	10/20/26	2.00	1,210,000
General Obligation Refunding Bonds	03/22/22	09/15/31	03/22/27	2.00	1,950,000
Highway Allocation Fund Pledge and Refunding Bonds	12/28/17	12/15/31	12/15/23	1.50 - 3.20	3,425,000
Highway Allocation Fund Pledge	03/01/19	06/15/29	12/15/23	1.80 - 3.00	2,800,000
Highway Allocation Fund Pledge	08/20/21	09/15/36	09/15/26	2.00	5,850,000
Certificates of Participation	03/15/21	09/15/32	09/15/26	0.227 - 1.703	3,885,000
Certificates of Participation	03/15/22	09/15/37	03/15/27	3.00	1,910,000
Certificates of Participation	03/15/22	09/15/37	03/15/27	2.093 - 3.500	2,000,000
Sanitary and Improvement District No. 147 General Obligation Refunding Bonds	05/15/18	08/15/30	05/15/23	2.45 - 3.60	670,000
Sanitary and Improvement District No. 171 General Obligation Refunding Bonds	12/15/16	12/15/35	12/15/21	1.65 - 3.40	55,000
Sanitary and Improvement District No. 180 General Obligation Refunding Bonds	10/15/17	10/15/34	10/15/22	1.70 - 3.60	260,000
Sanitary and Improvement District No. 180 General Obligation Refunding Bonds	12/28/18	12/15/37	12/28/23	3.20 - 4.25	5,000
Sanitary and Improvement District No. 265 General Obligation Refunding Bonds	06/15/19	08/15/39	06/15/24	2.50 - 3.60	1,205,000

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 9: Long-term Liabilities - Continued

	Date Issued	Date of Maturity	Date Callable	Interest Rates	Balance
Sanitary and Improvement District No. 269 General Obligation Refunding Bonds	06/15/19	12/15/39	06/15/24	2.55 - 3.60	\$ 260,000
Sanitary and Improvement District No. 289 General Obligation Refunding Bonds	10/22/18	10/15/38	10/15/23	2.65 - 4.10	<u>60,000</u>
Total general obligation bonds					<u>64,965,000</u>
Public Safety Department Tax Anticipation Refunding Bonds, Series 2019	04/30/19	12/15/32	12/15/24	1.60 - 4.00	5,110,000
Public Safety Department Tax Anticipation Refunding Bonds, Series 2021	10/20/21	09/15/26	09/15/26	2.00	<u>2,860,000</u>
Total public safety tax anticipation bonds					<u>7,970,000</u>
Financed purchase obligations	Various	Various	N/A	2.35 - 2.89	<u>314,252</u>
Total governmental activities					<u>\$ 73,249,252</u>
Revenue Refunding Bonds	06/28/18	06/15/28	06/28/23	1.85 - 3.20	\$ 1,670,000
Financed purchase obligations	05/24/18	05/24/23	N/A	2.65	<u>67,614</u>
Total business-type activities					<u>\$ 1,737,614</u>

The Public Safety Department Tax Anticipation Bonds are limited general obligations to be paid from special tax assessments and are also considered general obligations of the City. The Redevelopment Revenue Bonds are payable solely from the limited tax revenues and reserve sub-accounts provided for under the terms of the bond resolutions and are not general obligations of the City.

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 9: Long-term Liabilities - Continued

The annual debt service requirements to maturity for long-term debt as of September 30, 2022, are as follows:

Year Ending September 30,	Governmental Activities			
	General Obligation Bonds		Anticipation Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 4,160,000	\$ 1,523,700	\$ 1,000,000	\$ 211,650
2024	3,980,000	1,444,947	1,030,000	187,250
2025	4,160,000	1,370,747	1,040,000	163,200
2026	4,590,000	285,051	725,000	139,875
2027	4,630,000	1,189,262	1,060,000	110,700
2028-2032	28,325,000	4,275,212	2,955,000	220,400
2033-2037	14,765,000	903,778	160,000	2,600
2038-2040	355,000	19,260	-	-
Totals	<u>\$ 64,965,000</u>	<u>\$ 11,011,957</u>	<u>\$ 7,970,000</u>	<u>\$ 1,035,675</u>

Year Ending September 30,	Governmental Activities Financed Purchases - Direct Borrowings	
	Principal	Interest
2023	\$ 155,802	\$ 5,764
2024	105,013	2,803
2025	53,437	471
Totals	<u>\$ 314,252</u>	<u>\$ 9,038</u>

Year Ending September 30,	Business-Type Activities			
	Revenue Refunding Bonds		Finance Purchases - Direct Borrowings	
	Principal	Interest	Principal	Interest
2023	\$ 260,000	\$ 45,448	\$ 67,614	\$ 898
2024	265,000	39,110	-	-
2025	275,000	32,085	-	-
2026	280,000	24,348	-	-
2027	290,000	16,018	-	-
2028	300,000	7,125	-	-
Totals	<u>\$ 1,670,000</u>	<u>\$ 164,134</u>	<u>\$ 67,614</u>	<u>\$ 898</u>

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 9: Long-term Liabilities - Continued

Pledged Revenue

The Highway Allocation Fund Pledge Bonds are secured by a pledge of the revenues received from the City's annual allocation of State of Nebraska highway funds, through final maturity of the bonds in 2036. The total principal and interest remaining to be paid on the bonds is \$7,340,845 with annual payments expected to require approximately 10% of net revenues.

As a condition to issuing the Redevelopment Revenue Bonds, the City obtained an agreement from an operator to provide a substantial source of funds for repayment. In October 2017, the operator and the City terminated the agreement. In October 2020, the City entered into a lease purchase agreement that provided for payments to lease the premises through April 2022, at which time the lessee agrees to purchase the related property. This agreement was amended in March 2022, which extended the lease through June 2023. The City remains liable for the bond payments from limited tax levying authority under the Community Development Act and other sources of revenues.

Refundings

In October 2021, the City issued General Obligation Refunding Bonds totaling \$1,210,000. The bonds were used to refund \$350,000 of General Obligation Various Purpose Bonds, Series 2013 and \$885,000 of General Obligation Refunding Bonds, Series 2016 and pay the costs of issuance. The bonds bear interest at 2% and have a final maturity in September 2026. There was a cash flow savings of approximately \$38,500 from refunding the bonds, and an economic gain of approximately \$41,300.

In October 2021, the City issued Public Safety Department Tax Anticipation Refunding Bonds totaling \$3,005,000. The bonds were used to refund \$125,000 of Public Safety Department Tax Anticipation Bonds, Series 2012, \$1,950,000 of Public Safety Department Tax Anticipation Bonds, Series 2013 and \$1,000,000 of Public Safety Department Tax Anticipation Refunding Bonds, Series 2016 and pay the costs of issuance. The bonds bear interest at 2% and have a final maturity in September 2026. There was a cash flow savings of approximately \$115,400 from refunding the bonds, and an economic gain of approximately \$117,800.

In March 2022, the City issued General Obligation Various Purpose Refunding Bonds, Series 2022 totaling \$1,965,000. The bonds were used to refund \$1,975,000 of General Obligation Various Purpose Bonds, Series 2017. The bonds bear interest of 0.95% - 2.00% and have a final maturity in September 2031. There was a cash flow savings of approximately \$113,000 from refunding the bonds, and an economic gain of approximately \$103,900.

Issuances

In March 2022, the City issued Certificates of Participation, Series 2022A totaling \$1,910,000 (tax-exempt) and Certificates of Participation, Series 2022B totaling \$2,000,000 (taxable). The proceeds of the Certificates will be used to pay the costs of the acquiring library facilities and equipment. The 2022A Series Certificates bear interest at 3.00% and have a final maturity in September 2037. The 2022B Series Certificates bear interest at 2.093% - 3.500% and have a final maturity in September 2037.

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 10: Defined Contribution Retirement Plans

The City of Bellevue has multiple defined contribution plans. The authority to make changes to the plans is established by the Bellevue City Council or Nebraska State Statutes, as appropriate.

Civilian Retirement Plan

All regular full-time civilian employees of the City are covered by a voluntary defined contribution plan. Contributions made by the City equal 6% of the participants' compensation. Participants also contribute 6% of their earnings, but may elect to contribute up to 10%. Vesting of employer contributions occurs over three to seven years of employment. The amount of employer and employee contributions to this plan during the fiscal year was \$612,711 and \$614,250, respectively. There were no forfeitures used to offset employer contributions for the year ended September 30, 2022. The Plan is administered by a trustee independent of the City and is, therefore, not included in these financial statements.

Fire Retirement Plan

All regular full-time fire fighters of the City are covered by a defined contribution plan. Participants are required to contribute 6.50% of their earnings but may contribute up to the maximum amount allowed under the Internal Revenue Code. Contributions made by the City equal 13% of the participants' compensation. Vesting of employer contributions occurs between four and seven years of employment. Forfeitures shall be allocated to the Unallocated Employer Account and if the Unallocated Employer Account is sufficient to meet Plan liabilities, then forfeitures shall first be used to pay expenses of administration and then to reduce City contributions. The plan members and the City contributed \$446,567 and \$893,134, respectively, to the plan in fiscal 2022. The Plan is administered by a trustee independent of the City and is, therefore, not included in these financial statements.

Police Retirement Plan

All regular full-time sworn officers of the City are covered by a defined contribution plan. Certain sworn officers are also covered by a single-employer defined benefit pension plan (see Note 11). Participants are required to contribute 7.0% of their earnings but may contribute up to the maximum amount allowed under the Internal Revenue Code. Contributions made by the City equal 7.0% of the participants' compensation. Vesting of employer contributions occurs between four and ten years of service. Forfeitures shall first be applied to administrative expense of the Plan and then may be used by the City to reduce City contributions. The plan members and the City contributed \$727,765 and \$727,765, respectively, to the plan in fiscal 2022. There were no forfeitures used to reduce the amount of funding required by the City for the year ended September 30, 2022. The Plan is administered by a trustee independent of the City and is, therefore, not included in these financial statements.

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 10: Defined Contribution Retirement Plans - Continued

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees at their option, permits participants to defer a portion of their salary until future years. Annual contributions cannot exceed the lesser of the applicable dollar amount provided under the applicable Code Section, adjusted for cost of living, or 100% of the participant's includible compensation. Catch-up contributions are allowed for participants that qualify. The deferred compensation is not available to employees until termination, retirement, death, or until the employee reaches age 70 ½. Distributions from the plan are made in a lump sum payment as soon as administratively practicable. Participants are permitted to elect to postpone distributions and an alternative method of distribution, with approval from the Plan Administrator.

The City evaluated whether the plan is a fiduciary activity based on GASB Statement No. 84, *Fiduciary Activities*, and concluded that it is not a fiduciary activity. The City does not contribute to the Plan and the has no control over the plan assets. The assets of the plan are held in trust, for the exclusive benefit of the plan participants and their beneficiaries. The assets cannot be diverted for any other purpose.

Note 11: Police Defined Benefit Pension Plan

Plan Description

The City has a single-employer defined benefit pension plan negotiated with certain members of the Bellevue Police Department. The City and the Retirement Committee administer a hybrid defined benefit pension plan covering sworn police officers hired after December 31, 1983 and prior to May 1, 2011 or specifically identified in a settlement agreement or State Statute for those officers hired prior to January 1, 1984. The plan is closed to new employees. The terms of the plan, including contribution rates and minimum pension benefits are established through a settlement agreement between the City and the police officers' association. The City does not issue a separate report that includes financial statements and required supplementary information for the police pension plan.

Summary of Benefit Provisions

Both the employee and the City contribute 7.0% of the employee's earnings for periods on or after October 1, 2015. Employees covered by the plan may also make voluntary contributions. The accumulated value of the employee and employer account including contributions and investment earnings is the Retirement Account Value. In the event that a participant's retirement account value will not provide for the minimum pension benefits of the plan, the City will be required to contribute an additional amount to fund the minimum pension benefits specified in the collective bargaining agreement.

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 11: Police Defined Benefit Pension Plan - Continued

Summary of Benefit Provisions - Continued

Regular Pay – Defined as the greatest average salary in any period of five consecutive years preceding retirement, death, disability or termination date.

Retirement Benefit –

State Statute for Pre-1984 Hires – Participants must be employed on January 1, 1984 and continuously employed by the City through retirement date after attaining age 55 and completing 25 years of service. Minimum pension benefit equals 40% of Regular Pay for commencement between ages 55 and 60; 50% of Regular Pay for commencement at age 60 or later offset by the State Statute Actuarial Equivalence of the Retirement Account Value.

Post 1983 Hires subject to settlement agreement – Employees hired after December 31, 1983 and after attaining age 55 and completing 25 years of service. Employee entitled to the total of their Retirement Account Value or the actuarial equivalent of 55% of Regular Pay, whichever is greater based upon the actuarial assumptions of 7% interest and the 1994 GAM Mortality Table (Static) weighted 90% male/10% female. Paid as a single lump sum.

Termination Benefit Prior to 25 Years of Service – No minimum pension benefits. Employee is entitled to the value of the Retirement Account Value.

Termination Benefit After 25 Years of Service – Deferred Retirement Option Plan (DROP) provision allows minimum pension benefit at retirement age if the employee keeps their Retirement Account Value in the plan until retirement age.

Death Benefit (Line of Duty) – Death prior to retirement from causes sustained in the line of duty and survived by a spouse or minor children. Benefit equals 50% of Regular Pay to spouse until remarriage or death; to minor children split equally after remarriage or death. Benefit is subject to deduction for any workers' compensation benefits and offset by the State Statute Actuarial Equivalence of the Retirement Account Value. Payment is on a straight life annuity basis and provided under a purchase annuity contract.

Death Benefit (Other) – Employee must be continuously employed from January 1, 1984 until death, survived by spouse and death after reaching age 55 and completing at least 21 years of service. Benefit of 25% of Regular Pay to spouse until remarriage or death; to minor children split equally after remarriage or death. Benefit is offset by the State Statute Actuarial Equivalence of the Retirement Account Value. Payment is on a straight life annuity basis and provided under a purchased annuity contract.

Disability Benefit (Line of Duty) – Employee is eligible if unable to perform duties of a police officer from causes sustained in the line of duty. Benefit equals 50% of Regular Pay for the period of disability. Amount is subject to deduction for workers' compensation benefits. Total payments, in excess of workers' compensation benefits, shall not be less than the Retirement Account Value on the date of disability. If the State Statute Actuarial Equivalent exceeds the Retirement Account Value, the City shall contribute such additional amounts as may be necessary from time to time. In the event of cessation disability, payments made shall reduce the Retirement Account Value.

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 11: Police Defined Benefit Pension Plan - Continued

Deferred Retirement Option Plan

The City has established DROP for covered employees. The DROP program allows a member who has reached the minimum number of service years for retirement, but has not achieved the minimum age requirement, to terminate their employment with the Police Department and defer their retirement until they have reached at least the minimum age. Once the employee terminates service with the Police Department, neither the City or employee has further responsibility for adding funds to the employee’s account. The account will remain within the retirement plan and when the employee reaches the minimum age, they will be subject to normal benefit provisions.

Plan Membership

As of September 30, 2022, plan membership consisted of the following:

Inactive members currently receiving benefits	5
Inactive members entitled to but not yet receiving benefits	4
Active members	50
Total	59

Contributions and Funding Policy

The City’s contributions for the additional amount to fund minimum pension benefits are limited to amounts paid to retirees during the fiscal year. Contributions made by the City for the year ended September 30, 2022, were \$105,811.

Actuarial Methods and Assumptions

Actuarially determined contribution rates are calculated as the City’s contributions paid to retirees during the fiscal year to fund the minimum pension benefits of the plan. Valuations were determined using the following actuarial assumptions:

Valuation Date	September 30, 2021, rolled forward to September 30, 2022
Measurement Date	September 30, 2022
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Amortization Method	Level Dollar, Closed
Amortization Period	Immediate
Salary Increases	3.0%
Investment Rate of Return	Actual annuity purchase rates and 7.0%
Mortality Table	Actual annuity purchase rates and the 1994 GAM Table
State Statute Actuarial Equivalence for Minimum Benefits	3.0% interest and the IRS 2021 Mortality Table

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 11: Police Defined Benefit Pension Plan - Continued

Changes in Assumptions

The September 30, 2021 actuarial valuation included changes in assumptions for the discount rate decreasing it from 2.66% to 2.26%. In relation to State Statute Actuarial Equivalence amounts, the mortality table was changed from 2019 to 2021.

Investment Policy

The City's obligation is unfunded at September 30, 2022.

Net Pension Liability

The components of the net pension liability of the City at September 30, 2022 were as follows:

Total Pension Liability	\$ 2,942,269
Plan Fiduciary Net Position	-
Net Pension Liability	\$ 2,942,269
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	0.00%

Discount Rate

The discount rate used to measure the total pension liability as of September 30, 2022 was 2.26% (as determined by the Federal Reserve Bank of St. Louis' website). As an unfunded plan, the discount rate reflects the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's net pension liability, calculated using the current discount rate of 2.26%, as well as the net pension liability calculated using a discount rate that is 1% lower (1.26%) or 1% higher (3.26%) than the current rate:

	1% Decrease 1.26%	Current Discount Rate 2.26%	1% Increase 3.26%
Total Pension Liability	\$ 3,264,573	\$ 2,942,269	\$ 2,673,073
Plan Fiduciary Net Position	-	-	-
Net Pension Liability	\$ 3,264,573	\$ 2,942,269	\$ 2,673,073

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 11: Police Defined Benefit Pension Plan - Continued

Changes in the Total Pension Liability, Plan Fiduciary Net Position and the Net Pension Liability are:

Total Pension Liability - September 30, 2021	<u>\$ 2,961,139</u>
Service Cost	20,746
Interest	66,195
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, including refunds	<u>(105,811)</u>
Net Change in Total Pension Liability	<u>(18,870)</u>
Total Pension Liability - End of Year	<u>2,942,269</u>
Plan Fiduciary Net Position - Beginning of Year	\$ -
Contributions - Employer	105,811
Benefit payments, including refunds	<u>(105,811)</u>
Net Change in Plan Fiduciary Net Position	<u>-</u>
Plan Fiduciary Net Position - End of Year	<u>-</u>
Net Pension Liability - September 30, 2022	<u>\$ 2,942,269</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.00%
Covered Payroll	\$ 5,162,685
Net Pension Liability as a Percentage of the Covered Payroll	56.99%

The calculation of pension expense for the year ended September 30, 2022 is shown below:

Service Cost	\$ 20,746
Interest on Total Pension Liability	<u>66,195</u>
Pension Expense	<u>\$ 86,941</u>

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 11: Police Defined Benefit Pension Plan - Continued

Deferred Outflows of Resources

Under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* (GASB 68), gains and losses which are amortized over future years are referred to as deferred inflows or gains, and deferred outflows or losses. Investment gains and losses are recognized over a closed five-year period. Economic and demographic gains and losses and changes in the total pension liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining service lives of all covered active and inactive members, determined as of the beginning of the measurement period. As of September 30, 2022, the deferred outflows of resources related to pensions are as follows:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 958,610
Changes of assumptions	<u>527,148</u>
Total	<u>\$ 1,485,758</u>

Amounts currently reported as deferred outflows of resources related to pensions will be recognized in future years' pension expense as follows:

Year Ending September 30,	Annual Recognition
2023	\$ 221,277
2024	221,277
2025	221,277
2026	221,277
2027	221,277
Thereafter	<u>379,373</u>
Total	<u>\$ 1,485,758</u>

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 12: Other Postemployment Benefits

Plan Description

The City administers a single employer other postemployment benefits (OPEB) plan providing medical and prescription drug benefits (healthcare benefits) to retired employees and their dependents under certain conditions. The City does not issue a separate report that includes financial statements and required supplementary information for the OPEB plan.

Summary of Benefit Provisions

Individuals who are employed by the City and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement if they are at least 55 years old and have been enrolled in the City’s healthcare coverage for a minimum of one year prior to retirement.

Coverage during retirement ceases upon attaining age 65 or becoming eligible for Medicare. The City will pay 82% of the annual healthcare premium for the retiree for the first 24 months following retirement and 50% of the annual premium thereafter until the retiree is eligible for coverage under Medicare or Medicaid. The authority to amend the plan rests with the City Council.

Plan Membership

As of September 30, 2022, plan membership consisted of the following:

Inactive members currently receiving benefits	8
Inactive members entitled to but not yet receiving benefits	0
Active members	<u>352</u>
Total	<u>360</u>

Contributions and Funding Policy

The City’s contributions are made on a pay-as-you-go basis. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). Contributions made by the City for the year ended September 30, 2022, were \$222,193.

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 12: Other Postemployment Benefits - Continued

Actuarial Methods and Assumptions

Actuarially determined contribution rates are calculated as the City’s contributions paid for retiree premiums. Valuations were determined using the following actuarial assumptions:

Valuation Date	September 30, 2022
Measurement Date	September 30, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Amortization Period	Immediate
Salary Increases	3.0%
General Inflation	3.0%
Mortality Table	RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2021 generational projection of future mortality improvement
Healthcare cost trend rates	5.50% decreasing to 5% over 3 years

Changes in Assumptions

The September 30, 2022 actuarial valuation included changes in assumptions for the discount rate, increasing it to 4.02% from the discount rate of 2.21% used in the September 20, 2020 actuarial valuation. The medical trend rate changed to 5.50% grading to 5% over three years. The mortality assumption changed to the RP-2014 annuitant distinct mortality table adjusted to 2006 with MP 2021 generational projection of future mortality improvement.

Investment Policy

The City’s obligation is unfunded at September 30, 2022.

Discount Rate

The discount rate used to measure the total OPEB liability as of September 30, 2022 was 4.02% (as determined by the Federal Reserve Bank of St. Louis’ website). As an unfunded plan, the discount rate reflects the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 12: Other Postemployment Benefits - Continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the City’s total OPEB liability, calculated using the current discount rate of 4.02%, as well as the total OPEB liability calculated using a discount rate that is 1% lower (3.02%) or 1% higher (5.02%) than the current rate:

	1% Decrease 3.02%	Current Discount Rate 4.02%	1% Increase 5.02%
Total OPEB Liability	\$ 3,346,771	\$ 3,138,741	\$ 2,939,069

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the City’s total OPEB liability, calculated using the current healthcare cost trend rate of 5.50% decreasing to 5%, as well as the total OPEB liability calculated using a healthcare cost trend rate that is 1% lower (4.50% decreasing to 4%) or 1% higher (6.50% decreasing to 6%) than the current rate:

	1% Decrease 4.50% Decreasing to 4.0%	Current Healthcare Cost Trend Rate 5.25% Decreasing to 5.0%	1% Increase 6.50% Decreasing to 6.0%
Total OPEB Liability	\$ 2,786,648	\$ 3,138,741	\$ 3,562,280

Changes in the Total OPEB Liability

Total OPEB Liability - Beginning of year	\$ 3,429,450
Service Cost	295,031
Interest	79,856
Difference between expected and actual experience	824
Effect of assumption changes or inputs	(444,227)
Benefit Payments	(222,193)
Net Change in Total OPEB Liability	(290,709)
Total OPEB Liability - End of Year	\$ 3,138,741

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 12: Other Postemployment Benefits - Continued

Changes in the Total OPEB Liability - Continued

The calculation of OPEB expense for the year ended September 30, 2022 is shown below:

Service Cost	\$ 295,031
Interest on Total OPEB Liability	79,856
Recognition of Deferred (Inflows)/Outflows of Resources	
Economic/Demographic (Gains)/Losses	(22,998)
Assumption Changes	<u>26,250</u>
OPEB Expense	<u>\$ 378,139</u>

Under GASB 75, gains and losses which are amortized over future years are referred to as deferred inflows or gains, and deferred outflows or losses. Economic and demographic gains and losses and changes in the total OPEB liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining service lives of all covered active and inactive members, determined as of the beginning of the measurement period. The amortization period is calculated as the weighted average of expected remaining service lives assuming zero years for all inactive members. As of September 30, 2022, the deferred inflows and outflows of resources related to OPEB are as follows:

Deferred Outflows of Resources and Deferred Inflows of Resources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 352,719	\$ (793,459)
Changes of assumptions	<u>691,504</u>	<u>(589,162)</u>
Total	<u>\$ 1,044,223</u>	<u>\$ (1,382,621)</u>

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 12: Other Postemployment Benefits - Continued

Deferred Outflows of Resources and Deferred Inflows of Resources - Continued

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future years' OPEB expense as follows:

Year Ending September 30,	<u>Annual Recognition</u>
2023	\$ 3,252
2024	3,252
2025	3,252
2026	3,252
2027	3,252
Thereafter	<u>(354,658)</u>
Total	<u>\$ (338,398)</u>

Note 13: Interfund Balances and Activity

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those that are related to goods and services type transactions are classified as “due to and from other funds.”

There were no balances due to/from other funds at September 30, 2022.

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (b) move revenues from restricted funds to funds where the expenditures were incurred related to the restriction and to (c) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers to/from other funds for the year ended September 30, 2022, consisted of the following:

Transfer To	Transfer from			Total
	Community Betterment	Debt Service	Waste Water	
General	\$ 755,000	\$ 3,800,642	\$ 278,000	\$ 4,833,642

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 14: Risk Management

The City is exposed to various risks of loss related to torts; theft, damages to, or destruction of assets; errors or omissions; injuries to employees; or acts of God for which the City carries commercial insurance. For the year ended September 30, 2022, the City has a self-insured retention for workers' compensation exposures up to \$500,000 per individual. The City has purchased commercial insurance for amounts in excess of the self-insurance. The City currently reports all of its risk management activities in the fund financial statements in its General Fund. Settled claims have not exceeded coverage in any of the past three fiscal years.

Claim liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated in the government-wide financial statements. In the governmental funds, only claims that are expected to be liquidated with expendable available financial resources are recorded as a fund liability. At September 30, 2022, the estimated amount of the City's claims liabilities was \$621,975, which is reported in the government-wide financial statements. This liability is the City's best estimate based on available information.

The following is a summary of the changes in the estimated workers' compensation claims liability for the years ended September 30, 2022 **and 2021**, which is included in total claims liabilities:

Balance, October 1, 2020	\$ 909,188
Current year claims and changes in estimates	(88,960)
Claims payments	<u>(273,663)</u>
Balance, September 30, 2021	546,565
Current year claims and changes in estimates	298,032
Claims payments	<u>(222,622)</u>
Balance, September 30, 2022	<u>\$ 621,975</u>

Note 15: Commitments and Contingencies

Claims and Litigation

The City is involved in various litigation in the normal course of its operations and services. In the opinion of City management, although the outcome of any legal proceedings cannot be predicted with certainty, the ultimate liability of the City in connection with its legal proceedings will not have a material effect on the City's financial position but could be material to the results of operations in future accounting periods.

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 15: Commitments and Contingencies - Continued

Construction Commitments

The City is a party to various contracts relating to construction and other capital projects. As of September 30, 2022, governmental funds and Waste Water fund had outstanding commitments of approximately \$1,250,000 and \$1,760,000, respectively.

Government Grants

The City participates in a number of federally assisted grant programs, which are subject to financial and compliance audits. The amount of expenditures, if any, which may be disallowed by the granting agencies, is not determinable at this time; however, City officials do not believe that such amounts, if any, would be significant.

COVID-19

As a result of the COVID-19 outbreak in the United States, economic uncertainties have arisen that have had, and will continue to have, varying impacts on municipalities. Voluntary, and then subsequently mandatory, shelter-in-place orders necessitated temporary business closings. The extent of the financial impact and other possible impacting matters are not fully known at this time. Although some facilities were closed for certain periods, all City services remained operational during the past year. Some loss of sales tax and other revenues was recognized during the year as a result of measures enacted to prevent the spread of COVID-19. The City did not obtain any loans or defer the payment of federal employment taxes. As of September 2022, the City received Coronavirus State and Local Fiscal Recovery Funds of approximately \$8,138,000, of which approximately \$7,880,000 was not yet recognized and is reported as unearned revenues.

Note 16: Interlocal Agreements

In 1970, the City entered into an interlocal agreement with Eastern Sarpy County Suburban Fire Protection District to provide fire protection and emergency rescue services throughout the District. As compensation for providing such services, the District agreed to pay a proportional share of the fire department operating expenses based on the valuation of the District compared to the combined valuation of the District and the City but limited to the annual levy limit allowed by state statute. The City billed approximately \$1,079,780 to the District for the year ended September 30, 2022, of which \$579,631 was due to the City at year-end.

City of Bellevue, Nebraska
Notes to Financial Statements
September 30, 2022

Note 17: Assignment of Future Cellphone Tower Lease Revenues

On December 10, 2013, the City entered into an agreement with a third party, under which the City relinquishes to the third party its future cellphone tower lease revenues for the next 40 years. The City received from the third party a lump-sum payment of \$2,650,000 in exchange for the rights to receive and retain 100 percent of the City's cellphone tower lease revenues through 2053 for those cell tower sites in existence at December 10, 2013. The proceeds were used to fund general operations of the City and are shown as other long-term liabilities on the statement of net position which are being amortized over the life of the agreement.

Note 18: Tax Abatements

The City of Bellevue provides tax abatements under the Tax Increment Financing Program (TIF) to encourage improvements to blighted property. The program is established under the auspices of a state statute (Article 21, Section 18-2101 – 2144) empowering cities and counties to establish such programs. The abatements equal 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvements, are administered as a rebate of the incremental taxes generated from the improvements to property, and last for up to 15 years. Eligibility for approval requires the property to have no loss of pre-existing tax revenues and the developer demonstrates the project is not feasible without TIF. Abatements are obtained through application by the property owner and are reviewed and approved by a TIF council prior to commencing the improvements. These abatements reduce the net property tax to the City of Bellevue and meet the definition of a tax abatement in GASB Statement No. 77, *Tax Abatement Disclosures*. Taxes abated under TIF for the year ended September 30, 2022 were approximately \$92,000.

Required Supplementary Information

City of Bellevue, Nebraska
Required Supplementary Information
September 30, 2022

**Schedule of Changes in the City's Police Pension Plan Net Pension Liability
and Related Ratios**

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service cost	\$ 20,746	\$ 20,797	\$ 20,191	\$ 20,569	\$ 19,970	\$ 51,455	\$ 49,956	\$ 21,294
Interest	66,195	71,335	73,986	77,735	75,995	75,969	100,818	95,327
Changes of benefit terms	-	63,544	-	-	-	-	-	-
Differences between expected and actual experience	-	82,356	-	457,186	-	57,115	-	1,316,179
Effect of assumption changes or inputs	-	115,382	-	276,307	-	10,597	-	575,754
Benefit payments	(105,811)	(105,811)	(283,712)	(86,663)	(11,658)	(266,392)	(1,378,670)	(1,029,443)
Net change in total pension liability	(18,870)	247,603	(189,535)	745,134	84,307	(71,256)	(1,227,896)	979,111
Total pension liability - beginning	2,961,139	2,713,536	2,903,071	2,157,937	2,073,630	2,144,886	3,372,782	2,393,671
Total pension liability - ending (a)	\$ 2,942,269	\$ 2,961,139	\$ 2,713,536	\$ 2,903,071	\$ 2,157,937	\$ 2,073,630	\$ 2,144,886	\$ 3,372,782
Plan Fiduciary Net Position								
Contributions - employer	\$ 105,811	\$ 105,811	\$ 283,712	\$ 86,663	\$ 11,658	\$ 266,392	\$ 1,378,670	\$ 1,029,443
Benefit payments	(105,811)	(105,811)	(283,712)	(86,663)	(11,658)	(266,392)	(1,378,670)	(1,029,443)
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Net Pension Liability - Ending (a) - (b)	\$ 2,942,269	\$ 2,961,139	\$ 2,713,536	\$ 2,903,071	\$ 2,157,937	\$ 2,073,630	\$ 2,144,886	\$ 3,372,782
Plan fiduciary net position as a percentage of the total pension liability	-	-	-	-	-	-	-	-
Covered payroll	\$ 5,162,685	\$ 5,012,316	\$ 6,072,528	\$ 5,895,658	\$ 6,282,727	\$ 6,099,735	\$ 6,537,271	\$ 6,858,238
City's net pension liability as a percentage of covered payroll	56.99%	59.08%	44.69%	49.24%	34.35%	34.00%	32.81%	49.18%

Note to Schedule:

Results for the other years within the last ten years are not available and will be developed prospectively from 2015.

Changes in assumptions since the last actuarial valuation:

2021

- decrease in discount rate from 2.66% to 2.26%
- State Statute Actuarial Equivalence for Minimum Benefits assumes updated mortality table (from IRS 2019 Mortality Table to IRS 2021 Mortality Table)

2019

- decrease in discount rate from 3.64% to 2.66%
- State Statute Actuarial Equivalence for Minimum Benefits assumes updated mortality table (from IRS 2017 Mortality Table to IRS 2019 Mortality Table)

2017

- decrease in discount rate from 3.68% to 3.64%
- State Statute Actuarial Equivalence for Minimum Benefits assumes updated mortality table (from IRS 2015 Mortality Table to IRS 2017 Mortality Table)

2015

- decrease in discount rate from 5.00% to 3.68%
- expected rate of return decreased from 7.5% to 7.00%
- State Statute Actuarial Equivalence for Minimum Benefits assumes updated mortality table (from IRS 2012 Mortality Table to IRS 2015 Mortality Table)

City of Bellevue, Nebraska
Required Supplementary Information
September 30, 2022

Schedule of City Contributions for the Police Pension Plan

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined employer contribution	\$ 105,811	\$ 105,811	\$ 283,712	\$ 86,663	\$ 11,658	\$ 266,392	\$ 1,378,670	\$ 1,029,443
Actual employer contributions	<u>105,811</u>	<u>105,811</u>	<u>283,712</u>	<u>86,663</u>	<u>11,658</u>	<u>266,392</u>	<u>1,378,670</u>	<u>1,029,443</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll - current	\$ 5,162,685	\$ 5,012,316	\$ 6,072,528	\$ 5,895,658	\$ 6,282,727	\$ 6,099,735	\$ 6,537,271	\$ 6,858,238
Actual contributions as a percentage of covered payroll	2.05%	2.11%	4.67%	1.47%	0.19%	4.37%	21.09%	15.01%

Note to Schedule: Results for the other years within the last ten years are not available and will be developed prospectively from 2015.

Valuation date: 9/30/2021, 9/30/2019, 9/30/2017

Actuarially determined contribution rates are calculated as the City's contributions paid to retirees during the fiscal year to fund the minimum pension benefits of the Plan.

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Immediate

Amortization method: Level dollar, closed

Asset valuation method: Market Value

Salary increases: 3%

Investment rate of return: Actual annuity purchase rates and 7%

Mortality table: Actual annuity purchase rates and the 1994 GAM table

City of Bellevue, Nebraska
Required Supplementary Information
September 30, 2022

Schedule of Changes in the City's Other Postemployment Benefits
Plan Liability and Related Ratios

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total OPEB Liability							
Service cost	\$ 295,031	\$ 286,438	\$ 229,023	\$ 222,352	\$ 260,498	\$ 252,911	\$ 158,600
Interest	79,856	76,576	137,754	130,633	118,853	116,828	122,218
Differences between expected and actual experience	824	-	(466,661)	-	(609,224)	-	663,793
Effect of assumption changes or inputs	(444,227)	-	417,115	-	(254,111)	-	658,007
Benefit payments	<u>(222,193)</u>	<u>(224,232)</u>	<u>(186,187)</u>	<u>(192,410)</u>	<u>(281,144)</u>	<u>(338,527)</u>	<u>(307,096)</u>
Net change in total other postemployment benefits liability	(290,709)	138,782	131,044	160,575	(765,128)	31,212	1,295,522
Total other postemployment benefits liability - beginning	<u>3,429,450</u>	<u>3,290,668</u>	<u>3,159,624</u>	<u>2,999,049</u>	<u>3,764,177</u>	<u>3,732,965</u>	<u>2,437,443</u>
Total other postemployment benefits liability - ending	<u>\$ 3,138,741</u>	<u>\$ 3,429,450</u>	<u>\$ 3,290,668</u>	<u>\$ 3,159,624</u>	<u>\$ 2,999,049</u>	<u>\$ 3,764,177</u>	<u>\$ 3,732,965</u>

Notes to Schedule:

No assets are accumulated to pay the above benefits.

Changes in assumptions since last actuarial valuation:

2022

- increase in discount rate from 2.21% to 4.02%
- medical trend rate changed to 5.50% grading to 5.0% over three years
- mortality table changed to RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2021 generational projection of future mortality improvement

2020

- decrease in discount rate from 4.18% to 2.21%
- medical trend rate changed to 6.0% grading to 5.0% over five years
- mortality table changed to RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2019 generational projection of future mortality improvement

2018

- increase in discount rate from 3.06% to 4.18%
- medical trend rate changed to 6.5% grading to 5.0% over seven years
- mortality table changed to RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2017 generational projection of future mortality improvement

2016

- decrease in discount rate from 5.00% to 3.06%
- medical trend rate changed to 7.0% grading to 5.0% over eight years
- mortality table changed to RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2015 generational projection of future mortality improvement

Results for the other years within the last ten years are not available and will be developed prospectively from 2016.