

CITY OF BELLEVUE, IDAHO

Financial Statements

Year Ended September 30, 2021

CITY OF BELLEVUE, IDAHO
Financial Statements
For the year ended September 30, 2021

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WORKMAN & COMPANY

Office of
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Independent Auditor's Report

November 15, 2021

To the Honorable Mayor and City Council
City of Bellevue, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the government activities, the business-type activities, and the discretely presented component unit of the City of Bellevue, Idaho (City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the discretely presented component unit of the City of Bellevue, Idaho as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison and public employee pension information on pages 3-11, 34 and 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bellevue, Idaho's basic financial statements. The accompanying other supplementary information on page 36 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Workman & Company

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Twin Falls, Idaho



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CITY OF BELLEVUE

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CITY OF BELLEVUE, IDAHO MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2021

The City of Bellevue, Idaho's general purpose external financial statements are presented in this report. The components of the general purpose external financial statements include:

- Management's Discussion and Analysis (MD&A)
- Basic Financial Statements
- Other Required Supplementary Information (RSI).

FINANCIAL HIGHLIGHTS

- The total of all fund assets of the City of Bellevue exceeded liabilities at the close of the most recent fiscal year by \$ 11,533,915. Of that amount, \$ 2,575,621 (unrestricted net position) may be used to meet future obligations and programs.
- General Fund Revenues were \$1,716,624 and expenditures were \$1,428,867.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Bellevue's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

Government-wide financial statements provide both long-term and short-term information about the City's overall financial condition. Changes in the City's financial position may be measured over time by increases and decreases in the Statement of Net Position. Information on how the City's net position changed during the fiscal year is presented in the Statement of Activities.

Fund Financial Statements

Fund financial statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide financial statements. Fund financial statements include the statements for governmental and proprietary funds. Financial statements for the City's component unit are also presented.

Component Unit

The City has one discretely reported component unit. The Bellevue Urban Renewal Agency is reported separately from the City's Government-wide Financial Statements. This Agency is created to improve property within the City through property tax revenues. (See Footnote 1 of the Financials)

**CITY OF BELLEVUE, IDAHO
MANAGEMENT DISCUSSION AND ANALYSIS**

Continued...

Table 1: Major Features of the Basic Financial Statements

	Government-wide <u>Financial Statements</u>	Fund Financial Statements	
		<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Scope	Entire City government and the City's component unit.	Activities of the City that are not proprietary.	Activities of the City that are operated similar to private businesses
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balances	* Statement of net assets * Statement of revenues, expenses, and changes in net position * Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	* Revenues for which cash is received during or soon after the end of the year * Expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid.

Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

Refer to Note 1 of the financial statements for more detailed information on the elements of the financial statements. Table 1 above summarizes the major features of the basic financial statements.

CONDENSED FINANCIAL INFORMATION

Condensed Statement of Net Position

The largest component (\$ 8,464,784 of the City's net position reflects its investment in capital assets (e.g. land, infrastructure, buildings, equipment, and others), less any related debt outstanding that was needed to acquire or construct the assets. The City uses these capital assets to provide services to the citizens and businesses in the City; consequently, these net assets are not eligible for future spending. Restricted net position total \$ 493,510. Restricted net position represents resources that are subject to external restrictions, constitutional provisions, debt service requirements, or enabling legislation on how they can be used.

**CITY OF BELLEVUE, IDAHO
MANAGEMENT DISCUSSION AND ANALYSIS**

Continued...

The remaining portion of net assets is unrestricted, which can be used to finance government operation.

Table 2 below presents the City's condensed statement of net position as of September 30, 2021, derived from the government-wide Statement of Net Position.

**Table 2: Condensed Statement of Net Position
As of September 30, 2021**

	Governmental Activities	Business- type Activities	Total Primary Government	Component Unit - Urban Renewal Agency
Current and other assets	\$ 943,167	\$ 2,631,912	\$ 3,575,079	\$ 301,655
Capital assets	1,589,267	10,453,714	12,042,981	
Total Assets	2,532,434	13,085,626	15,618,060	301,655
Deferred Outflows	192,162	54,199	246,361	0
Current Liabilities	162,765	343,686	506,451	
Long-term liabilities	226,297	3,032,878	3,259,175	
Total Liabilities	389,062	3,376,564	3,765,626	0
Deferred Inflows	440,606	124,274	564,880	0
Net position:				
Invested in capital assets net of related debt	1,380,954	7,083,830	8,464,784	
Restricted	128,660	364,850	493,510	301,655
Unrestricted	385,314	2,190,307	2,575,621	
Total Net Position	\$ 1,894,928	\$ 9,638,987	\$ 11,533,915	\$ 301,655

Condensed Statement of Activities

Table 3 below presents the City's condensed statement of activities for the fiscal year ended September 30, 2021, as derived from the government-wide Statement of Activities. Over time, increases and decreases in net assets measure whether the City's financial position is improving or deteriorating. During the fiscal year, the net position of the governmental activities increased by \$ 353,890 or 22.96% percent, and the net position of the business-type activities increased by \$ 500,471 or 5.48%.

**CITY OF BELLEVUE, IDAHO
MANAGEMENT DISCUSSION AND ANALYSIS**

Continued...

**Table 3: Condensed Statement of Activities
As of September 30, 2021**

	Governmental Activities	Business- type Activities	Total Primary Government	Urban Renewal Agency
Revenue:				
Program revenues				
Charges for services	\$ 32,697	\$ 1,651,467	\$ 1,684,164	\$
Capital grants /contributions	259,930	213,472	473,402	
Total program revenues	<u>292,627</u>	<u>1,864,939</u>	<u>2,157,566</u>	<u>0</u>
General revenues				
Taxes	571,635		571,635	66,638
Franchise, licenses, permits	159,401		159,401	
State shared revenues	457,717		457,717	
Interest	1,696	9,707	11,403	758
Other revenues and Transfers	368,092	37,948	406,040	
Total general revenues	<u>1,558,541</u>	<u>47,655</u>	<u>1,606,196</u>	<u>67,396</u>
Total revenues	<u>1,851,168</u>	<u>1,912,594</u>	<u>3,763,762</u>	<u>67,396</u>
Program expenses:				
Administrative	322,428		322,428	1,330
Planning and Zoning	187,596		187,596	
Parks and recreation	42,995		42,995	
Fire	184,723		184,723	
Library	62,810		62,810	
Marshall	481,890		481,890	
Building and grounds	35,365		35,365	
Streets	169,781		169,781	
Shop	1,397		1,397	
Wastewater		846,262	846,262	
Water		454,815	454,815	
Interest, long-term debt	8,293	111,046	119,339	
Total program expenses	<u>1,497,278</u>	<u>1,412,123</u>	<u>2,909,401</u>	<u>1,330</u>
Change in net assets	<u>353,890</u>	<u>500,471</u>	<u>854,361</u>	<u>66,066</u>
Beginning net assets	1,541,038	9,138,516	10,679,554	235,589
Ending net assets	<u>\$ 1,894,928</u>	<u>\$ 9,638,987</u>	<u>\$ 11,533,915</u>	<u>\$ 301,655</u>

**CITY OF BELLEVUE, IDAHO
MANAGEMENT DISCUSSION AND ANALYSIS**

Continued...

Program Expenses and Revenues for Governmental Activities

Table 4 below presents program expenses and revenues for governmental activities. Overall, program revenues were not sufficient to cover program expenses for governmental activities. The net program expenses of these governmental activities were therefore supported by general revenues, mainly taxes.

**Table 4: Program Expenses and Revenues
for Government Activities
For the Fiscal Year Ended September 30, 2021**

	Program Expenses	Program Revenues	Net Expense (Revenues) (a)
Administrative	\$ 322,428	\$	\$ (322,428)
Planning and Zoning	187,596	30,663	(156,933)
Parks and Recreation	42,995	1,884	(41,111)
Fire	184,723		(184,723)
Library	62,810		(62,810)
Marshall	481,890		(481,890)
Building and Grounds	35,365		(35,365)
Streets	169,781	150	(169,631)
Shop	1,397		(1,397)
Interest	8,293		(8,293)
Totals	\$ 1,497,278	\$ 32,697	\$ (1,464,581)

(a) Net Program Expenses are mainly supported by taxes and state shared revenues.

Program Expenses and Revenues for Business-type Activities

Table 5 below presents program expenses and revenues for business-type activities. Program revenues generated from business-type activities were sufficient to cover program expenses.

**Table 5: Program Expenses and Revenues
for Business-type Activities
For the Fiscal Year Ended September 30, 2021**

City Programs	Program Expenses	Program Revenues	Net Program (Expenses) Revenues
Water	\$ 454,815	\$ 515,581	\$ 60,766
Wastewater	846,262	1,135,886	289,624
Interest on long-term debt	111,046		(111,046)
Totals	\$ 1,412,123	\$ 1,651,467	\$ 239,344

**CITY OF BELLEVUE, IDAHO
MANAGEMENT DISCUSSION AND ANALYSIS**

Continued...

The City of Bellevue, Idaho adopts an annual budget. A budgetary comparison statement of Governmental Funds is provided below. In total, any negative variances are insignificant.

**Table 6: Analysis of Significant Budget Variances
for Government Activities
For the Fiscal Year Ended September 30, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variances</u>
Revenues:			
Taxes (including penalties/interest)	\$ 560,019	\$ 571,635	\$ 11,616
Franchises, licenses, permits	135,500	159,401	23,901
State of Idaho	337,312	457,717	120,405
Fees, Charges for Services	25,800	32,697	6,897
Other	366,512	495,174	128,662
Totals	<u>1,425,143</u>	<u>1,716,624</u>	<u>291,481</u>
Expenditures:			
Administrative	311,993	311,486	507
Planning and Zoning	187,622	187,596	26
Parks and Recreation	31,690	30,865	825
Fire	213,527	174,597	38,930
Library	64,125	62,629	1,496
Marshall	480,439	480,246	193
Building and Grounds	35,424	35,365	59
Streets	221,042	146,083	74,959
Shop	0	0	0
Capital Expenditures	0	0	0
Totals	<u>1,545,862</u>	<u>1,428,867</u>	<u>116,995</u>
Excess (Deficiency)	<u>\$ (120,719)</u>	<u>\$ 287,757</u>	<u>\$ 408,476</u>

BUDGET VARIANCES IN THE GENERAL FUND

The changes made to the budget format have moved the City into compliance with the budget standards developed by the Government Finance Officers of America (GFOA). An analysis of budget variances this year shows that more assets were budgeted for expenditure than were expended during the current operating cycle.

**CITY OF BELLEVUE, IDAHO
MANAGEMENT DISCUSSION AND ANALYSIS**

Continued...

**Table 7: Comparison of Statement of Net Position
As of September 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>	<u>Percentage Change</u>
Current Assets	\$ 3,575,079	\$ 3,154,740	13.3240%
Capital Assets	12,042,981	11,908,207	1.1318%
Total Assets	<u>15,618,060</u>	<u>15,062,947</u>	<u>3.6853%</u>
Deferred Outflows of Resources	<u>246,361</u>	<u>125,089</u>	<u>96.9486%</u>
Current Liabilities	506,451	363,229	39.4302%
Long Term Liabilities	<u>3,259,175</u>	<u>4,053,434</u>	<u>-19.5947%</u>
Total Liabilities	<u>3,765,626</u>	<u>4,416,663</u>	<u>-14.7405%</u>
Deferred Inflows of Resources	<u>564,880</u>	<u>19,481</u>	<u>2799.6458%</u>
Net Position:			
Invested in Capital Assets net of related debt	8,464,784	8,069,205	4.9023%
Restricted	493,510	406,201	21.4940%
Unrestricted	<u>2,575,621</u>	<u>2,204,148</u>	<u>16.8534%</u>
Total Net Position	<u>\$ 11,533,915</u>	<u>\$ 10,679,554</u>	<u>8.0000%</u>

OVERALL ANALYSIS

Financial highlights for the City as a whole during the fiscal year ended September 30, 2021, show the assets of the City exceeded its liabilities (net position) at the close to the fiscal year by \$ 11,533,915 (for governmental activities \$ 1,894,928, for the business-type activities \$ 9,638,987). Additionally, the City's total net position increased during the year by \$ 854,361. This amount is due to the water funds net income of \$ 240,830, wastewater funds net income of \$ 259,641 and general fund net income in \$ 353,890.

**CITY OF BELLEVUE, IDAHO
MANAGEMENT DISCUSSION AND ANALYSIS**

Continued...

**Table 8: Changes in Fixed Assets
for All Funds
For the Fiscal Year Ended September 30, 2021**

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Infrastructure	\$ 4,568,761			\$ 4,568,761
Buildings and Improvements	17,491,058	507,129		17,998,187
Vehicles and Equipment	1,309,862	127,460		1,437,322
Construction in Progress	0		0	0
Totals	<u>23,448,833</u>	<u>634,589</u>	<u>0</u>	<u>24,004,270</u>
Accumulated Depreciation	<u>(11,491,474)</u>	<u>(469,815)</u>		<u>(11,961,289)</u>
Net Book Value	\$ <u>11,957,359</u>			\$ <u>12,042,981</u>

CAPITAL ASSET AND LONG-TERM, ACTIVITY

Capital Asset Activity

At September 30, 2021, the City reported \$1,589,267 in capital assets for governmental activities and \$10,453,714 in capital assets for business-type activities.

Long-term Debt Activity

See Note 4 of the financial statements for information on the City's long-term debt.

FUNDS ANALYSIS

Funds that experienced significant changes during the year are as follows:

Governmental funds

As of the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$ 810,750. The fund balance increased \$ 287,757 during the fiscal year. The increase is the result of \$1,716,624 of revenues, reduced by \$1,428,867 of expenditures. The increase in fund balance follows a fund balance increase of \$ 630 in FY 2020. The positive trends in the City's governmental fund results from a continuation of fiscal policies designed to limit spending and preserve and strengthen the City's financial position during uncertain economic times. This ongoing accomplishment is due to the commitment and determination of the City Council and staff to make prudent financial decisions while also seeking to preserve levels of service to the community by continually pursuing and implementing cost savings and efficiencies in operations.

**CITY OF BELLEVUE, IDAHO
MANAGEMENT DISCUSSION AND ANALYSIS**

Continued...

REQUESTS FOR INFORMATION

Requests for information regarding City finances should be directed to:

Marian Edwards
City Clerk/Treasurer
City of Bellevue, Idaho
P.O. Box 825
Bellevue, Idaho, 83313
Telephone: (208) 788-2128x2

CITY OF BELLEVUE, IDAHO
Statement of Net Position
at September 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Component Unit Urban Renewal Agency</u>
<u>ASSETS</u>				
Cash and Deposits	\$ 697,904	\$ 2,138,464	\$ 2,836,368	
Accounts Receivable		128,598	128,598	
Taxes Receivable	8,662		8,662	
Due From Other Governments	107,941		107,941	
Restricted and Assigned Cash	128,660	364,850	493,510	\$ 301,655
Due From Other Funds			0	
Totals	<u>943,167</u>	<u>2,631,912</u>	<u>3,575,079</u>	<u>301,655</u>
Capital Assets:				
Land	717,340		717,340	
Infrastructure	3,851,421		3,851,421	
Buildings and Improvements	764,947	17,233,240	17,998,187	
Equipment and Vehicles	1,029,211	408,111	1,437,322	
Accumulated Deprecation	(4,773,652)	(7,187,637)	(11,961,289)	
Total Capital Assets	<u>1,589,267</u>	<u>10,453,714</u>	<u>12,042,981</u>	<u>0</u>
Total Assets	<u>2,532,434</u>	<u>13,085,626</u>	<u>15,618,060</u>	<u>301,655</u>
Other Net Assets & Deferred Outflows of Resources:				
Post Employment Activity - Net Asset	13,773	3,885	17,658	
Deferred Outflows from Pension Activity	178,389	50,314	228,703	0
<u>LIABILITIES</u>				
Accounts and Payroll Liabilities Payable	3,760		3,760	
Interest Payable		39,109	39,109	
Refundable User Deposits	128,658		128,658	
Long-term Liabilities:				
Portion due or payable within one year:				
Capital Leases and Loans Payable	30,347	304,577	334,924	
Portion due or payable after one year:				
Capital Leases and Loans Payable	177,966	3,026,198	3,204,164	
Compensated Absences	48,331	6,680	55,011	
Total Liabilities	<u>389,062</u>	<u>3,376,564</u>	<u>3,765,626</u>	<u>0</u>
Deferred Inflows of Resources:				
Deferred Inflows from Pension Activity	440,606	124,274	564,880	0
<u>NET POSITION</u>				
Invested in Capital Assets - net of related debt	1,380,954	7,083,830	8,464,784	
Restricted For:				
Debt Service		364,850	364,850	
Other Purposes	128,660		128,660	301,655
Unrestricted	385,314	2,190,307	2,575,621	
Total Net Position	<u>\$ 1,894,928</u>	<u>\$ 9,638,987</u>	<u>\$ 11,533,915</u>	<u>\$ 301,655</u>

The accompanying notes are a part of these financial statements.

CITY OF BELLEVUE, IDAHO
Statement of Activities
For the Year Ended September 30, 2021

Activities:	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position			Component Unit - Urban Renewal Agency
		Fees, Fines, and Charges for Services	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	
Governmental:							
Administrative	\$ 322,428	\$	\$ 211,834	\$ (110,594)		\$ (110,594)	
Planning and Zoning	187,596	30,663		(156,933)		(156,933)	
Parks and Recreation	42,995	1,884		(41,111)		(41,111)	
Fire	184,723		20,000	(164,723)		(164,723)	
Library	62,810		532	(62,278)		(62,278)	
Marshall	481,890			(481,890)		(481,890)	
Building and Grounds	35,365			(35,365)		(35,365)	
Streets	169,781	150	27,564	(142,067)		(142,067)	
Shop	1,397			(1,397)		(1,397)	
Interest	8,293			(8,293)		(8,293)	
Total Governmental Activities	1,497,278	32,697	259,930	(1,204,651)		(1,204,651)	
Business Type:							
Water	454,815	515,581	163,472		\$ 224,238	224,238	
Wastewater	846,262	1,135,886	50,000		339,624	339,624	
Interest - on long-term debt	111,046				(111,046)	(111,046)	
Total Business-type Activities	1,412,123	1,651,467	213,472		452,816	452,816	
Total City of Bellevue, Idaho	\$ 2,909,401	\$ 1,684,164	\$ 473,402	(1,204,651)	452,816	(751,835)	
Component Units:							
Urban Renewal Agency	\$ 1,330						\$ (1,330)
Total							(1,330)
General Revenues:							
State of Idaho liquor receipts				79,314		79,314	
State highway user collections				120,795		120,795	
State of Idaho shared revenue				257,608		257,608	
Franchises, licenses, permits				159,401		159,401	
City Property Assessments				571,635		571,635	66,638
Administrative Fees Water/Wastewater				207,613		207,613	
Earnings on investments				1,696	9,707	11,403	758
County court fines				10,368		10,368	
Miscellaneous				15,565		15,565	
Interfund Transfers						0	
Gain (Loss) on Pension Activity				134,546	37,948	172,494	
Total general revenues and transfers				1,558,541	47,655	1,606,196	67,396
Changes in net position				353,890	500,471	854,361	66,066
Net Position - Beginning				1,541,038	9,138,516	10,679,554	235,589
Net Position - Ending				\$ 1,894,928	\$ 9,638,987	\$ 11,533,915	\$ 301,655

The accompanying notes are a part of these financial statements.

CITY OF BELLEVUE, IDAHO
Balance Sheet
Governmental Funds
for the year ended September 30, 2021

	General Fund	Total
ASSETS:		
Cash and Cash Deposits	\$ 826,565	\$ 826,565
Taxes and Other Receivables	8,662	8,662
Due From Other Governments	107,941	107,941
Total Assets	\$ 943,168	943,168
LIABILITIES:		
Accounts and Accrued Payables	3,760	3,760
Refundable User Deposits	128,658	128,658
Total Liabilities	132,418	132,418
FUND BALANCE:		
Non-spendable	0	0
Restricted	0	0
Committed	0	0
Assigned	82,655	82,655
Unassigned	728,095	728,095
Total Fund Balance	810,750	810,750
Total Liabilities and Fund Balance	\$ 943,168	

Amounts reported for governmental activities in the Statement of Net Position (page 12) are different because:

Governmental fund capital assets are not financial resources and therefore are not reported in the funds. The cost of assets is \$ 6,362,919 and the accumulated depreciation is \$ 4,773,652	1,589,267
Long-term liabilities, net pension liabilities, and compensated absences are not payable in the current period and therefore are not reported in the governmental funds.	(505,089)
Net Position of Governmental Funds	\$ 1,894,928

The accompanying notes are a part of these financial statements.

CITY OF BELLEVUE, IDAHO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
for the year ended September 30, 2021

	<u>General Fund</u>	<u>Totals</u>
REVENUE:		
State of Idaho liquor receipts	\$ 79,314	\$ 79,314
State highway user collections	120,795	120,795
State of Idaho shared revenue	257,608	257,608
Franchises, licenses, permits	159,401	159,401
City Property Assessments	571,635	571,635
Administrative Fees Water/Wastewater	207,613	207,613
Earnings on investments	1,696	1,696
Fees, fines and charges for services	32,697	32,697
Grants and contributions	259,930	259,930
County court fines	10,368	10,368
Miscellaneous	15,567	15,567
Total Revenue	<u>1,716,624</u>	<u>1,716,624</u>
EXPENDITURES:		
Administrative	311,486	311,486
Community Development	187,596	187,596
Parks and Recreation	30,865	30,865
Fire	174,597	174,597
Library	62,629	62,629
Marshall	480,246	480,246
Building and Grounds	35,365	35,365
Streets	146,083	146,083
Capital Expenditures	0	0
Total Expenditures	<u>1,428,867</u>	<u>1,428,867</u>
EXCESS REVENUE (EXPENDITURES)	287,757	287,757
OTHER FINANCING SOURCES (USES):		
Operating transfers from other funds		0
Operating transfers (to) other funds		<u>0</u>
NET CHANGE IN FUND BALANCES	287,757	287,757
FUND BALANCE - BEGINNING	<u>522,993</u>	<u>522,993</u>
FUND BALANCE - ENDING	<u>\$ 810,750</u>	<u>\$ 810,750</u>

The accompanying notes are a part of these financial statements.

CITY OF BELLEVUE, IDAHO
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
for the year ended September 30, 2021

Net Change in Fund Balance - Total Governmental Funds (Page 15)	\$ 287,757
<p>Governmental funds report capital outlays as current year expenditures. In the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount of current capital outlay for new fixed assets.</p>	
This is the amount of current year depreciation.	(83,023)
This is the amount of new Governmental Fund assets.	93,291
This is the amount of disposed of Governmental Fund assets.	0
<p>Long term liabilities are not recorded in the Governmental funds. Capital lease payments are expensed in the period that the payments are paid. Capital leases are recorded as liabilities in the Statement of Net Position. Current year payments reduce the amount of the debt.</p>	
This is the amount of new capital leases during the current year	
This is the amount of current year payments of capital leases and capital costs.	(68,549)
<p>Net pension activity in the current period is not recorded in Governmental funds.</p>	
This is the net gain (loss) from current pension activity	134,546
<p>Liability for personal leave days are not recorded in Governmental funds.</p>	
This is the increase in compensated leave during the year.	<u>(10,132)</u>
Change in Net Position of Governmental Activities (Page 13)	<u>\$ 353,890</u>

The accompanying notes are a part of these financial statements.

CITY OF BELLEVUE, IDAHO
Statement of Net Position
Proprietary Funds
at September 30, 2021

	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
Assets:			
Current Assets:			
Cash and Deposits	\$ 668,412	\$ 1,470,052	\$ 2,138,464
Accts receivable - customers	40,217	88,381	128,598
Accts receivable - other govts.			0
	<u>708,629</u>	<u>1,558,433</u>	<u>2,267,062</u>
Restricted Current Assets:			
Cash and Deposits	<u>0</u>	<u>364,850</u>	<u>364,850</u>
Total Current Assets	<u>708,629</u>	<u>1,923,283</u>	<u>2,631,912</u>
Capital Assets:			
Plant and equipment	4,855,448	12,785,903	17,641,351
Accumulated depreciation	<u>(2,429,325)</u>	<u>(4,758,312)</u>	<u>(7,187,637)</u>
Net Plant and equipment	<u>2,426,123</u>	<u>8,027,591</u>	<u>10,453,714</u>
Total Assets	<u>3,134,752</u>	<u>9,950,874</u>	<u>13,085,626</u>
Other Net Assets & Deferred Outflows of Resources:			
Post Employment Activity - Net Asset	2,119	1,766	3,885
Deferred Outflows from Pension Activity	<u>27,444</u>	<u>22,870</u>	<u>50,314</u>
Liabilities:			
Current Liabilities:			
Accounts and Wages Payable			0
Interest Payable		39,109	39,109
Current portion long-term debt		<u>304,577</u>	<u>304,577</u>
Total current liabilities	<u>0</u>	<u>343,686</u>	<u>343,686</u>
Noncurrent Liabilities:			
Loans Payable		3,026,198	3,026,198
Compensated Absences Payable	<u>3,287</u>	<u>3,393</u>	<u>6,680</u>
Total noncurrent liabilities	<u>3,287</u>	<u>3,029,591</u>	<u>3,032,878</u>
Total Liabilities	<u>3,287</u>	<u>3,373,277</u>	<u>3,376,564</u>
Deferred Inflows of Resources:			
Deferred Inflows from Pension Activity	<u>67,786</u>	<u>56,488</u>	<u>124,274</u>
Net Position:			
Investment in capital assets net of related debt	2,426,123	4,657,707	7,083,830
Restricted	0	364,850	364,850
Unrestricted	<u>667,119</u>	<u>1,523,188</u>	<u>2,190,307</u>
Total Net Position	<u>\$ 3,093,242</u>	<u>\$ 6,545,745</u>	<u>\$ 9,638,987</u>

The accompanying notes are a part of these financial statements.

CITY OF BELLEVUE, IDAHO
Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Funds
for the year ended September 30, 2021

	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
Operating Revenues:			
Charges for services	\$ 433,919	\$ 1,078,176	\$ 1,512,095
Hookups and connections	79,452	56,610	136,062
Reimbursements and Misc.	<u>2,210</u>	<u>1,100</u>	<u>3,310</u>
Total Operating Revenue	<u>515,581</u>	<u>1,135,886</u>	<u>1,651,467</u>
Operating Expenses:			
Salaries and benefits	104,645	154,145	258,790
Administrative and supplies	241,815	413,680	655,495
Depreciation	<u>108,355</u>	<u>278,437</u>	<u>386,792</u>
Total Operating Expenses	<u>454,815</u>	<u>846,262</u>	<u>1,301,077</u>
Operating Income	<u>60,766</u>	<u>289,624</u>	<u>350,390</u>
Nonoperating Revenues (Expenses):			
Interest Income	540	9,167	9,707
Interest Expense		(111,046)	(111,046)
Gain (Loss) on Pension Activity	20,699	17,249	37,948
Grants	<u>163,472</u>	<u>50,000</u>	<u>213,472</u>
Total Nonoperating	<u>184,711</u>	<u>(34,630)</u>	<u>150,081</u>
Income before transfers	<u>245,477</u>	<u>254,994</u>	<u>500,471</u>
Transfers in		4,647	4,647
Transfers out	<u>(4,647)</u>		<u>(4,647)</u>
Net Income	240,830	259,641	500,471
Total Net Position - Beginning	<u>2,852,412</u>	<u>6,286,104</u>	<u>9,138,516</u>
Total Net Position - Ending	<u>\$ 3,093,242</u>	<u>\$ 6,545,745</u>	<u>\$ 9,638,987</u>

The accompanying notes are a part of these financial statements.

CITY OF BELLEVUE, IDAHO
Statement of Cash Flows
Proprietary Funds
for the year ended September 30, 2021

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Receipts from customers	\$ 512,541	\$ 1,147,687	\$ 1,660,228
Payments to suppliers and other funds	(241,815)	(413,680)	(655,495)
Payments to employees	(102,101)	(160,425)	(262,526)
Payments from (to) other funds	(4,647)	4,647	0
Other receipts	165,682	51,100	216,782
Net cash provided (used) by operations	<u>329,660</u>	<u>629,329</u>	<u>958,989</u>
Cash Flows From Capital and Related Financing Activities:			
Purchase and construction of capital assets	(98,067)	(443,232)	(541,299)
Amounts provided from capital debt			0
Principal paid on capital debt		(294,915)	(294,915)
Interest paid on capital debt		(115,485)	(115,485)
Net cash provided (used) by capital and related financing activities	<u>(98,067)</u>	<u>(853,632)</u>	<u>(951,699)</u>
Cash Flows From Investing Activities:			
Interest Income	540	9,167	9,707
Net Increase (Decrease) in Cash and Deposits	232,133	(215,136)	16,997
Balances - Beginning of the year	<u>436,279</u>	<u>2,050,038</u>	<u>2,486,317</u>
Balances - Ending of the year	<u>\$ 668,412</u>	<u>\$ 1,834,902</u>	<u>\$ 2,503,314</u>
Displayed as:			
Pooled Cash and Investments	668,412	1,686,291	2,354,703
Restricted Assets		<u>363,747</u>	<u>363,747</u>
Balances - Ending of the year	<u>\$ 668,412</u>	<u>\$ 2,050,038</u>	<u>\$ 2,718,450</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income	60,766	289,624	350,390
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Grant Receipts and Transfers	158,825	54,647	213,472
Depreciation expense	108,355	278,437	386,792
Changes in assets and liabilities:			
Receivables, net	(830)	12,901	12,071
Accounts and other payables	2,544	(6,280)	(3,736)
Net Cash Provided (Used) by Operating Activities	<u>\$ 329,660</u>	<u>\$ 629,329</u>	<u>\$ 958,989</u>

The accompanying notes are a part of these financial statements.

CITY OF BELLEVUE, IDAHO
Notes to the Financial Statements
September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bellevue, Idaho was incorporated by charter on February 8, 1883. The City operates under a Mayor-Common Council form of government and provides the following services to the residents of Bellevue, Blaine County, Idaho: public safety, public works, recreation, and community development. The City also provides water and wastewater services which are financed by user charges. The accounting policies of the City of Bellevue, Idaho conform to generally accepted accounting principles as applicable to governmental units. The financial statements of the City of Bellevue, Idaho have been prepared in conformity with the generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities (enterprise funds) provided they do not conflict with or contradict GASB pronouncements. The following is a summary of the more significant policies:

(A) Basis of Presentation – Basis of Accounting

Basis of Presentation:

For this reporting period, the City has conformed its financial statement model to *Governmental Auditing Standards Board (GASB) Statement No. 34*. This model presents the financial statements as follows:

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the City). These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category—*governmental* and *proprietary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

CITY OF BELLEVUE, IDAHO
Notes to the Financial Statements
September 30, 2021

-Continued

The City reports the following governmental funds:

General Fund. This is the City's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following enterprise funds:

Water and Wastewater Funds. These funds accounts for the operation, maintenance, and development of the City's water and waste-water facilities.

Discretely Presented Component Unit

The component unit column in the financial statements includes the financial data of the City's only discretely presented component unit, the Bellevue Urban Renewal Agency. It is reported in a separate column to emphasize that it is separate from the City's operations. The Agency was formed in December of 2007 under provisions of the Idaho Urban Renewal Law of 1965 (Chapter 20, Title 50, Idaho Code). The Agency is designed to raise money (through tax incremental financing) over the next several decades for City improvements based on a projected increase in property values in the downtown area.

Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statement. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Budgets and Budgetary Accounting. The City adheres to City budget requirements in Title 50, Chapter 10 of the Idaho Code. The provisions of this chapter include the following procedures to establish budgetary data which is reflected in these financial statements:

CITY OF BELLEVUE, IDAHO
Notes to the Financial Statements
September 30, 2021

-continued

- A. Prior to certifying the tax levy to the county commissioners, and prior to passing the annual appropriation ordinance, a public meeting shall be held to adopt a budget by a favorable vote of a majority of the members of the council.
- B. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles. Uncommitted appropriations lapse at year end.
- C. There are no provisions in Title 50, Chapter 10 for budget augmentations.

Entity Classifications.

- A. City-Wide Financial Statements – The City reports net position in three categories – invested in capital assets, restricted and unrestricted.
- B. Fund Financial Statements – The City has adopted GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions” (GASB 54) which defines how fund balances of the governmental funds are presented in the financial statements. There are five classifications of fund balances as presented below:

Non-spendable – These funds are not available for expenditures based on legal or contractual requirements. In this category, one would see inventory, long-term receivables, unless proceeds are restricted, committed, or assigned and legally or contractually required to be maintained intact (corpus or a permanent fund).

Restricted – These funds are governed by externally enforceable restrictions. In this category, one would see restricted purpose grant funds, debt service or capital projects.

Committed – Fund balances in this category are limited by the governments’ highest level of decision making. Any changes of designation must be done in the same manner that it was implemented and should occur prior to end of the fiscal year, though the exact amount may be determined subsequently.

Assigned – These funds are intended to be used for specific purposes, intent is expressed by governing body or an official delegated by the governing body.

Unassigned – This classification is the default for all funds that do not fit into the other categories. This, however, should not be a negative number for the general fund. If it is, the assigned fund balance must be adjusted.

Order of Use of Fund Balance – The City’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined.

Allocation of Indirect Expenses. The City allocates indirect expense, primarily comprised of central governmental services, to operating functions and programs benefiting from those services. Central services include overall City management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement contracting and oversight, investing and cash management, personnel services, and other central administrative services. Allocations are charged

CITY OF BELLEVUE, IDAHO
Notes to the Financial Statements
September 30, 2021

-Continued

to programs based on use of central services determined by various allocation methodologies. As a matter of policy, certain functions that use significant central services are not charged for the use of these services. These functions or programs include police, fire, and certain divisions with public services and parks.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(B) Assets, Liabilities, and Equity

Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the State of Idaho Treasurer's Office for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at September 30 of each year based on market prices. The individual funds' portions of the pool's fair value are presented as "Cash and Deposits". Earnings on the pooled funds are apportioned and paid or credited to the funds monthly based on the average daily balance of each participating fund.

Cash and Deposits

The City considers cash and deposits in proprietary funds to be cash on hand. In addition, because the State Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a deposit.

Receivables and Payable

All trade and property tax receivables are shown net of an allowance for uncollectibles. Amounts due from other governments are shown in total. Accounts and accrued expenses payable are stated at cost and are recognized liabilities for goods and services rendered to the City as of September 30.

Property Tax Calendar

Property taxes are levied each November based on the assessed value of property as listed on the previous September tax rolls. Assessed values are an approximation of market value. The Blaine County Assessor establishes assessed values. Property tax payments are due in one-half installments in December and June. Property taxes become a lien on the property when it is levied.

Capital Assets

Purchased or constructed capital assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. They are reported net of accumulated depreciation on the Statement of Net Position. The City capitalizes assets in excess of \$5,000.

Under the requirements of *GASB Statement No. 34*, the City is considered a Phase 3 government, as its total annual revenues are less than \$10 million. Such governments are not required to report major general infrastructure assets retroactively. Accordingly, the City has determined not to retroactively report this type of capital asset.

CITY OF BELLEVUE, IDAHO
Notes to the Financial Statements
September 30, 2021

-Continued

Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Building Improvements	50
Vehicles	2-15
Office and Other Equipment	3-15

Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Pensions

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

Deferred Outflows/Inflows of Resources

In 2007, the Governmental Accounting Standards Board (GASB) released Concepts Statement No. 4 *Elements of Financial Statements* which provides a framework for determining the nature of financial accounting or reporting issues. Since the release of the framework, GASB has been looking at the assets and liabilities on the balance sheet to determine if they should continue to be reflected as such. GASB has concluded that, in order to improve financial reporting, there are assets and liabilities that no longer should be reflected as assets and liabilities. These changes are included in the recently-issued GASB Statement No. 65, *Items Previously Reported as Asset and Liabilities*.

These changes include two new items that are reflected on the Statement of Net Position.

- Deferred outflow of resources – the current *consumption* of net assets that is applicable to a *future* reporting period.
- Deferred inflows of resources – the current *acquisition* of net assets that is applicable to a *future* reporting period.

CITY OF BELLEVUE, IDAHO
Notes to the Financial Statements
September 30, 2021

-Continued

The City's financial statements may report a separate section for deferred inflows of resources which reflects an increase in resources that applies to a future period.

NOTE 2 – CASH AND DEPOSITS

Deposits: Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City has no deposit policy for custodial credit risk. At year end, \$ 154,233 of the City's bank balances were exposed to custodial credit risk because it was uninsured by the FDIC.

Investments: Custodial credit risk, in the case of investments, is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the City held the following investments:

Investment Type

Idaho State Local Government Investment Pool	\$ 2,734,986
Idaho State Local Government Diversified Bond Fund	240,480

These investments are unrated external investment pools sponsored by the Idaho State Treasurer's Office. They are classified as "Investments in an External Investment Pool" and are exempt from custodial credit risk and concentration of credit risk reporting. Interest rate risk is summarized as follows: Asset-backed securities are reported using weighted average life to more accurately reflect the projected term of the security, considering interest rates and repayment factors.

The elected Idaho State Treasurer, following Idaho Code, Section 67-2328, is authorized to sponsor an investment pool in which the City voluntarily participates. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body - oversight is with the State Treasurer, and Idaho Code defines allowable investments. All investments are entirely insured or collateralized with securities held by the Pool or by its agent in the Pool's name. And the fair value of the City's position in the external investment pool is the same as the value of the pool shares.

Credit Risk: The City's policy is to comply with Idaho State statutes which authorize the City to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing district in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Pool.

Interest rate risk and concentration of credit risk: The City has no policy regarding these two investment risk categories.

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is presented on the combined balance sheet as "Cash and Deposits".

Cash and Deposits are comprised of the following at the financial statement date:

CITY OF BELLEVUE, IDAHO
Notes to the Financial Statements
September 30, 2021

-Continued

Demand deposits	\$ 354,412
State of Idaho Diversified Bond Fund	240,480
State of Idaho Investment Pool	<u>2,734,986</u>
Total	<u>\$3,329,878</u>

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the current year ended was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
<i>Capital Assets not being depreciated:</i>				
Land	\$ 717,340	\$	\$	\$ 717,340
Construction in Progress				
Total	<u>717,340</u>	<u>0</u>	<u>0</u>	<u>717,340</u>
<i>Capital Assets being depreciated:</i>				
Buildings & Improvements	752,432	12,515		764,947
Infrastructure	3,851,421			3,851,421
Vehicles and Equipment	978,435	80,776		1,059,211
Total	<u>5,582,288</u>	<u>93,291</u>	<u>0</u>	<u>5,675,579</u>
Less: Accumulated Depreciation:	4,690,629	83,023		4,773,652
Total Net Depreciated Assets	<u>891,659</u>	<u>10,268</u>	<u>0</u>	<u>901,927</u>
 Governmental capital assets, net	 <u>\$ 1,608,999</u>	 <u>\$ 10,268</u>	 <u>\$ 0</u>	 <u>\$ 1,619,267</u>
 Business-type activities:				
<i>Capital Assets not being depreciated:</i>				
Land	\$	\$	\$	\$ 0
Construction in Progress				0
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Capital Assets being depreciated:</i>				
Buildings & Improvements	16,738,626	494,614		17,233,240
Vehicles and Equipment	361,427	46,684		408,111
Total	<u>17,100,053</u>	<u>541,298</u>	<u>0</u>	<u>17,641,351</u>
Less: Accumulated Depreciation	6,800,845	386,792		7,187,637
Total Net Depreciated Assets	<u>10,299,208</u>	<u>154,506</u>	<u>0</u>	<u>10,453,714</u>
 Business-type capital assets, net	 <u>\$ 10,299,208</u>	 <u>\$ 154,506</u>	 <u>\$ 0</u>	 <u>\$ 10,453,714</u>

CITY OF BELLEVUE, IDAHO
Notes to the Financial Statements
September 30, 2021

-Continued

NOTE 4 - LOANS PAYABLE

In November of 2010, the City acquired \$ 6,000,000 under a loan agreement with the Idaho Department of Health and Welfare for improvements to the wastewater treatment facility. The loan is secured by revenue bonds and is being repaid in semi-annual payments at 3.25%.

The following is a list of the interest and principal payments through the end of the loans:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2022	\$ 105,823	\$ 304,577
2023	95,844	314,557
2024	85,764	324,636
2025	74,901	335,499
2026	63,909	346,491
2027-2031	<u>141,745</u>	<u>1,705,016</u>
Totals	<u>\$ 567,986</u>	<u>\$ 3,330,776</u>

NOTE 5 – LITIGATION

The City, at the financial statement date, is not involved in litigation that any unfavorable outcome would have a material effect on the financial position of the City.

NOTE 6 – RESTRICTED NET ASSETS

The Sewer Revenue Bond Ordinance for the 2010 loan provides for the creation of a debt service reserve in connection with the issuance of revenue bonds for the upgraded wastewater treatment facility. A separate account in the Idaho State Treasurer's Investment Pool presently has a balance of \$ 364,850. As provided by the rate ordinances, sewer capitalization fees are to be deposited into a fund for purpose of replacing the existing system facilities and equipment.

NOTE 7 – RISK MANAGEMENT

A City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year, the City is contracted with Idaho County Risk Management Program (ICRMP) for property, crime and fleet insurance and the State Insurance Fund for workman's compensation. Under the terms of the ICRMP policy, the City of Bellevue's liability is limited to the amount of annual financial membership contributions, including a per occurrence deductible. There has been no significant reduction in insurance coverage in the current year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

CITY OF BELLEVUE, IDAHO
Notes to the Financial Statements
September 30, 2021

-Continued

NOTE 8 – EMPLOYEE RETIREMENT PLAN

Plan Description

The City of Bellevue contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age and highest average salary. Members become fully vested in their retirement benefits with five years of credited services (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of employer rate for general employees and 74% for police and firefighters. As of June 30, 2021, it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate, as a percent of covered payroll, is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The City's contributions were \$ 103,785 for the year ended September 30, 2021.

CITY OF BELLEVUE, IDAHO
Notes to the Financial Statements
September 30, 2021

-Continued

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At September 30, 2021, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2021, the City's proportion was 0.02235782 percent.

For the year ended September 30, 2021, the City recognized pension (expense) revenue of \$172,495.) At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 554,616
Changes in assumptions or other inputs	\$ 202,688	
Net difference between projected and actual earnings on pension plan investments	\$ 26,016	\$ 10,264
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	\$ (25,946)	
City's contributions subsequent to the measurement date	\$ 25,946	
Total	\$ 228,704	\$ 564,880

\$ 25,946 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2022.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2021 the beginning of the measurement period ended June 30, 2020 is 4.7 and 4.6 for the measurement period June 30, 2021.

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

CITY OF BELLEVUE, IDAHO
Notes to the Financial Statements
September 30, 2021

-Continued

Year ended September 30, 2021:

2022	\$ (79,080)
2023	\$ (71,267)
2024	\$ (62,279)
2025	\$(123,550)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return	6.05%, net of investment expenses
Cost-of-living adjustments	1%

Contributing Members, Service Retirement Members, and Beneficiaries

- General Employees and All Beneficiaries - Males Pub-2010 General Tables, increased 11%
- General Employees and All Beneficiaries - Females Pub-2010 General Tables, increased 21%
- Fire & Police - Males Pub-2010 Safety Tables, increased 21%
- Fire & Police - Females Pub-2010 Safety Tables, increased 26%
- Disabled Members - Males Pub-2010 Disabled Tables, increased 38%
- Disabled Members - Females Pub-2010 Disabled Tables, increased 36%

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2021, is based on the results of an actuarial valuation date of July 1, 2021.

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

CITY OF BELLEVUE, IDAHO
Notes to the Financial Statements
September 30, 2021

-Continued

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2024.

Capital Market Assumptions from Callan 2021

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	1.80%	0.20%
Broad US Equities	55.00%	8.00%	6.00%
Developed Foreign Equities	15.00%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.15%	3.06%

CITY OF BELLEVUE, IDAHO
Notes to the Financial Statements
September 30, 2021

-Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.35%, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35%) or 1-percentage-point higher (7.35%) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	\$(17,481)	\$(17,658)	\$(17,835)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov

Payables to the pension plan

At September 30, 2021, the City reported payables to the defined benefit pension plan of \$ 0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

CITY OF BELLEVUE, IDAHO
Notes to the Financial Statements
September 30, 2021

-Continued

NOTE 9 – CAPITAL LEASES PAYABLE

On March 7, 2012, the City entered into a financing capital lease for the purchase of new fire truck. The lease is payable in equal annual installments of \$ 21,169. The lease is capitalized in the statement of net position in the amount of \$143,059 and will be expensed annually in the funds. In January of 2019 the City entered into a financing capital lease for the purchase of a 2018 Model 5610 Bobcat Toolcat. This lease is capitalized in the amount of \$46,203 and will also be expensed annually in the funds. On December 22, 2020, the City entered into a financing capital lease for the purchase of a 2021 Ford F-150 pickup for the fire department. This lease is capitalized in the amount of \$43,125 and will also be expensed annually in the funds. The following is a summary of the City's capital leases payable.

	Equip Cost	2022	2023	2024	2025+	Total
Governmental Activities						
2012 Pierce 7400 Pumper Fire Truck						
PNC Equipment Finance	258,290	21,169	21,169	21,169	63,507	127,014
Less Interest 4.65%		(4,857)	(4,133)	(3,377)	(5,248)	(17,615)
Due 2/27	<u>258,290</u>	<u>16,312</u>	<u>17,036</u>	<u>17,792</u>	<u>58,259</u>	<u>109,399</u>
2018 Bobcat 5610 Toolcat						
Wells Fargo Financing	51,397	9,951	9,951	9,951	9,951	39,804
Less Interest 7%		(1,977)	(1,400)	(792)	(156)	(4,325)
Due 1/24	<u>51,397</u>	<u>7,974</u>	<u>8,551</u>	<u>9,159</u>	<u>9,795</u>	<u>35,479</u>
2021 Ford F-150 Pickup						
NCL Government Capital	43,125	7,514	7,514	7,514	15,030	37,572
Less Interest 4.185%		(1,453)	(1,187)	(909)	(935)	(4,484)
Due 2/15	<u>43,125</u>	<u>6,061</u>	<u>6,327</u>	<u>6,605</u>	<u>14,095</u>	<u>33,088</u>
Total Capital Leases	\$ <u>352,812</u>	\$ <u>30,347</u>	\$ <u>31,914</u>	\$ <u>33,556</u>	\$ <u>82,149</u>	\$ <u>177,966</u>

NOTE 10 – SUBSEQUENT EVENTS

Subsequent events were evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

**Required
Supplementary Information**

CITY OF BELLEVUE, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- General Fund
for the year ended September 30, 2021

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE:				
State of Idaho liquor receipts	\$ 67,000	\$ 67,000	\$ 79,314	\$ 12,314
State highway user collections	94,615	94,615	120,795	26,180
State of Idaho shared revenue	175,697	175,697	257,608	81,911
Franchises, licenses, permits	135,500	135,500	159,401	23,901
City Property Assessments	560,019	560,019	571,635	11,616
Administrative Fees Water/Wastewater	152,090	152,090	207,613	55,523
Earnings on investments	5,000	5,000	1,696	(3,304)
Fees, fines and charges for services	25,800	25,800	32,697	6,897
Grants and contributions	201,197	201,197	259,930	58,733
County court fines			10,368	10,368
Miscellaneous	8,225	8,225	15,567	7,342
Total Revenue	<u>1,425,143</u>	<u>1,425,143</u>	<u>1,716,624</u>	<u>291,481</u>
EXPENDITURES:				
Administrative	311,993	311,993	311,486	507
Community Development	187,622	187,622	187,596	26
Parks and Recreation	31,690	31,690	30,865	825
Fire	213,527	213,527	174,597	38,930
Library	64,125	64,125	62,629	1,496
Marshall	480,439	480,439	480,246	193
Building and Grounds	35,424	35,424	35,365	59
Streets	221,042	221,042	146,083	74,959
Capital Expenditures				0
Total Expenditures	<u>1,545,862</u>	<u>1,545,862</u>	<u>1,428,867</u>	<u>116,995</u>
EXCESS REVENUE (EXPENDITURES)	(120,719)	(120,719)	287,757	408,476
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds				0
Operating transfers (to) other funds				0
NET CHANGE IN FUND BALANCES	(120,719)	(120,719)	287,757	408,476
FUND BALANCE - BEGINNING	<u>522,993</u>	<u>522,993</u>	<u>522,993</u>	
FUND BALANCE - ENDING	<u>\$ 402,274</u>	<u>\$ 402,274</u>	<u>\$ 810,750</u>	<u>\$ 408,476</u>

CITY OF BELLEVUE, IDAHO
PUBLIC EMPLOYEE PENSION INFORMATION
For the year ended September 30, 2021

Required Supplementary Information

Schedule of Employer's Share of Net Pension Liability
PERSI - Base Plan
Last 10 - Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's portion of the net pension liability	.0254933%	.0204267%	.0221655%	.0219022%	.0156724%
Employer's proportionate share of the net pension liability	\$ 290,999	\$ 301,297	\$ 348,404	\$ 443,991	\$ 206,380
Employer's covered-employee payroll	\$ 890,981	\$ 719,144	\$ 713,441	\$ 671,267	\$ 435,150
Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll	32.66%	41.90%	48.83%	66.14%	47.43%
Plan fiduciary net position as a percentage of the total pension liability	93.79%	91.69%	90.68%	87.26%	91.38%
				<u>2021</u>	<u>2020</u>
Employer's portion of the net pension liability				.02235782%	.0256928%
Employer's proportionate share of the net pension liability (Asset)				\$ (17,658)	\$ 596,621
Employer's covered-employee payroll				\$ 103,785	\$ 923,442
Employer's proportional share of the net pension liability (Asset) as a percentage of its covered-employee payroll				-17.01%	64.61%
Plan fiduciary net position as a percentage of the total pension liability				100.36%	88.22%

* GASB Statement No. 68 required ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Data reported is measured as of June 30, 2021.

Schedule of Employer's Contributions
PERSI - Base Plan
Last 10 - Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 102,028	\$ 81,476	\$ 77,932	\$ 88,119	\$ 56,998
Contributions in relation to the statutorily required contribution	\$ (102,028)	\$ (81,476)	\$ (77,932)	\$ (88,119)	\$ (56,998)
Contribution (deficiency) excess	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Employer's covered-employee payroll	\$ 890,981	\$ 719,144	\$ 713,441	\$ 671,267	\$ 435,150
Contributions as a percentage of covered-employee payroll	11.45%	11.33%	10.92%	13.13%	12.03%
				<u>2021</u>	<u>2020</u>
Statutorily required contributions				\$ 103,785	\$ 110,664
Contributions in relation to the statutorily required contribution				\$ (103,785)	\$ (110,664)
Contribution (deficiency) excess				\$ 0	\$ 0
Employer's covered-employee payroll				\$ 862,111	\$ 923,442
Contributions as a percentage of covered-employee payroll				12.04%	11.98%

**Other
Supplementary Information**

CITY OF BELLEVUE, IDAHO
Bond-Future Principal and Interest Requirements
at September 30, 2021

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Payment	Interest Payment
City of Bellevue Blaine County Sewer Construction Loan				
Waste Water Treatment Plant Revolving Promissory Note Series 2010 \$6,000,000, November 17, 2010 3.25% per annum				
	3.25%	2022	\$ 304,577	\$ 105,823
	3.25%	2023	314,557	95,844
	3.25%	2024	324,636	85,764
	3.25%	2025	335,499	74,901
	3.25%	2026	346,491	63,909
	3.25%	2027	357,844	52,556
	3.25%	2028	369,465	40,935
	3.25%	2029	381,673	28,726
	3.25%	2030	394,179	16,221
	3.25%	2031	201,855	3,307
			<u>\$ 3,330,776</u>	<u>\$ 567,986</u>

The accompanying notes are a part of these financial statements.

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

November 15, 2021

To the Honorable Mayor and City Council
City of Bellevue, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Bellevue, Idaho (City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Bellevue, Idaho's basic financial statements, and have issued our report thereon dated November 15, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Workman & Company

WORKMAN AND COMPANY
Certified Public Accountants
Twin Falls, Idaho